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JOURNAL OF AMERICAN INSURANCE

Is Placement Factor in Safer War Industry?

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Large Increase in Big Fires of 1941

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Insurance and Government

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Liquefied Petroleum Gas for Domestic Use

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Notes about the Insurance World

VOL. 19 ▲▲▲ No. 2
FEBRUARY, 1942

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THIS MONTH

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WAR reaches us to touch all manner of things in economic and social life, and nowhere more than in the manufacturing industry. At that point insurance finds itself largely affected. New employes and disturbances of former routines create difficulties that make for more accidents, and this calls for more prevention work and compensation payments when injury occurs. How this picture looks at present and an estimate of the future is the theme of our first article • We think Prof. Ralph H. Blanchard set a high mark for Fenn College lectures to live up to when he delivered his address on "Insurance and Government" at the opening of the insurance courses at that institution. It may strike the reader that he is a trifle severe on both the companies and governmental agencies in a paragraph or two, but discipline is the order of the day and insurance undoubtedly needs more of it. Whether it should be self-administered or imposed by high authority — time must work out the answer. You'll like his speech • As promised we are giving the data about big fires of 1941 and the record should make the American people humble. It is a crying shame that such catastrophes are allowed to happen • Farmers and those having to do with rural risks will be interested in the article on "Liquefied Petroleum Gas Systems". This takes up the need for safeguards to prevent fires and explosions growing out of a fast developing industry in country districts.

NEXT MONTH

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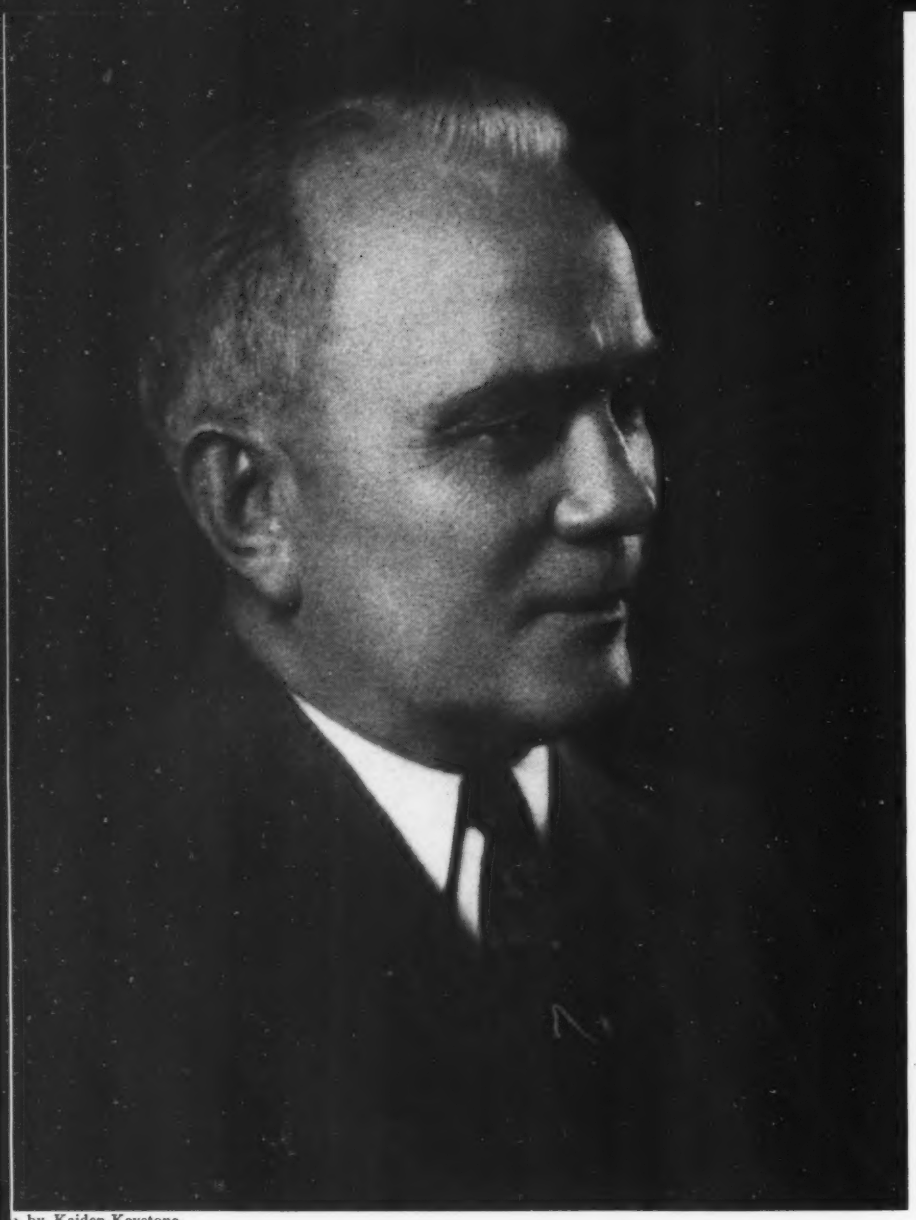
SOME more about the war's impact on industry and on the problem of safety for the public generally will be a feature. And we expect the news section to be expanded. . . . Watch out for that mad March hare.



› by Kaiden-Keystone

DR. EUGENE E. AGGER

State Banking and Insurance Commissioner of New Jersey

DR. AGGER has the unusual background of being a teacher, economist, author and banker. His executive experience includes a number of years as head of the Department of Economics at Rutgers University where he still retains a place on the faculty.

EDITORIALLY WE SAY » » » »

EVERY institution which grows large enough to develop social and economic contacts with any considerable portion of the American public finds that, eventually, there develops also a certain amount of public dissatisfaction with the institution's operations.

Institutions which have a great many people throwing rocks at them year after year, such as the major political parties, take such things lightly; they develop techniques for throwing the rocks right back. But other institutions which feel that they are getting more than their share of heckling—and insurance is one which never suffers from a shortage of critics—incline to be puzzled over the reasons why every member of the public is not a friend. They feel that they are trying very hard to please, and profess an inability to understand why they do not win universal approval.

To saddened insurance executives who cannot see anything wrong with the business, nor any reason for lack of complete public appreciation of the services which insurance performs, this department recommends a few minutes of quiet meditation upon the following paragraphs quoted from a recent editorial in one of the insurance trade journals; it is a clue to an unconscious attitude of mind which may be one of insurance's great failings:

"The public last year received $2,500,000,000 from life companies, $416,000,000 from fire companies, $195,000,000 from auto carriers, $160,000,000 from accident and health insurers, $150,000,000 in workmen's compensation, $85,000,000 on miscellaneous losses.

"Estimators at the Travelers say that the public got $6,754 a minute from insurance companies for a grand total of $3,550,000,000. Our own pencils, provided they didn't go astray among those last six zeros, chewed out the fact that it represented nearly $27 per capita on the United States population barrelhead."

Are these figures correct? Probably, in a rule-of-thumb way, they are. But the implication made is exactly the reverse of what it should be. Note that it was asserted "The public last year received . . .". The real fact is that the companies last year received from the public not only the $3,550,000,000 totalled above, but varying additional amounts as over plus. What the companies did in reality was to hand a certain portion of this back each month to the public according to contracts which had been made.

Probably as long as the thesis implied in the quoted editorial gets general acceptance in the trade, the insurance business will be viewed from a wrong angle. A great many insurance men—including the Travelers estimator who may stand here as a good example—seem to have an ingrained belief that the insurance companies are doing the public a favor when they pay claims. The tradition seems to have grown up that the huge pool of money gathered by insurance companies is a creation of the companies themselves, to be doled out as a kind of business charity to those unfortunates who happen to be on the relief list.

Might it not be refreshing to the public to have the other side pointed out occasionally? Instead of patting an imaginary Mr. Per Capita on the head, and figuratively handing him $27 as part of a noble program of eleemosynary character, something more truly in line with what really occurs could be revealed. Should it not be said that Mr. or Mrs. Per Capita has dug up from hard-earned money not $27, but nearer $50, and that this money has been drained into insurance company coffers to accumulate until billions of dollars are placed in the custody of insurance management? And that, in the process of coming back, various percentages of this $50, some necessary and some unnecessary, have evaporated into the insurance atmosphere?

By no means do we seek to imply that the public does not have its claims paid adequately. Some companies may be a trifle tough in giving out, but most will do the right thing. The point we are making is that in too many cases the funds are regarded primarily as money to do with for company purposes within the elastic limits of supervisory laws.

The difference may be said to be only in emphasis. But emphasis is a reflection of attitude, and attitude determines the break which the public gets.

• • •

THERE are two theories of insurance. One is that it is fundamentally a trusteeship, for which the insurance carrier should be comparatively well paid because of the necessity for its assuming responsibilities and rendering services which go far beyond those assumed and rendered by the conventional type of purely financial trustee. The other is that, superimposed upon the service charge, there must be an extra percentage for a kind of mythical quality which no one ever has been able to define.

The first type of insurance company distinctly regards the policyholder's money as a trust—to be handled for the policyholder, and the proceeds of which to be divided among the policyholders. The second type keeps as a trust what it must so keep by law. The rest of the fund is to venture with in hope of the largest gains possible; if there are gains the policyholder who has furnished the money in the first place profits not at all. It is the companies in this group which are most likely to think of the public as somebody who is getting $3,550,000,000 away from them to the tune of $27 a head.

We have refrained from praise or blame in these comments. The public is sufficiently grown-up to decide with which system of insurance it wishes to deal. But in order to assist it in making that decision the public is entitled to understand what happens after the money has been paid in. In the case of life insurance this is more generally clear, but with fire and casualty insurance the policyholder has been trained too much to regard his money as gone unless he has a claim. It is thought of as a sort of gamble, paying handsomely on the amount invested if misfortune strikes. But there is a growing minority whose members have studied their position; they have learned to place their money alongside their neighbor's to cover contingencies and, after chipping in for necessary expenses, to divide up what has not been used for aggregate losses. And who shall say that the money thus coming back to policyholders does not buy as much, and go as far in our national economy, as if it were paid to stockholders?

(Continued on next page)

MORE STRAIGHT THINKING SEEMS ONE INSURANCE NEED

Thus when an insured signs his check for a policy the picture should be interpreted as one in which he has furnished the insurance company a sum which is more than ample to do a job which may become necessary. The insurance company should say: "Thank you. We shall do our best to administer this trust economically, and when amounts come back they will come as a policyholder's right, and not in the semblance of charity". Such an answer is a better return for the $12,250 each minute that comes from Mr. and Mrs. Per Capita.

• • •

War Effort Less Costly Than Depression

A REFRESHING VIEW ENTIRELY DIFFERENT FROM THAT EXPRESSED BY current prophets of gloom was voiced by W. T. Grant, president of the Business Men's Assurance Company of Kansas City at the Mid-year meeting of the National Association of Accident and Health Underwriters.

Mr. Grant's array of statistics pointed out that the depression beginning in 1929 cost $119,000,000,000 in wages and salaries, $38,000,000,000 in prices of farm products and $20,000,000,000 in losses on investments making up a staggering total of $177,000,000,000 which went down the drain. To this he added the decline in value of farm and other property probably accounted for a deflation of half as much again. Against this he cited estimates of expenditures of the present war and drew a parallel which put the country in a much better position than we were in the 1930's.

He said it was entirely possible that the national income would go up to $100,000,000,000 and that if the federal debt should reach the same figure this would mean only one year's national income to be accounted for in the future. This he said would be comparable to a man earning $5,000 a year engaging to borrow $5,000 to build a house, a procedure which in ordinary business life would not be considered hazardous.

Other speakers at the meeting held in Kansas City, Missouri, on January 26 and 27, who stressed the part which accident and health insurance can play in the defense program, were W. S. White, chairman of the Bureau of Personal Accident and Health Underwriters, and John M. Powell, Loyal Protective Life, president of the Health and Accident Underwriters' Conference.

COMMENT

Items Concerning What Is Going On In The Insurance World

Miscellany

DRASTIC WARTIME CHANGES IN MEN'S CLOTHING WITH ADOPTION OF such styles as vestless suits, shorter coats and cuffless trousers, predicted by National Association of Retail Clothiers — More men are now employed by the aircraft industry than all-time peak employment record of the automobile industry — American Institute of Laundering states that 90 per cent of tablecloth doodling is now concerned with military and naval maneuvers — Curtailment of use of private passenger cars by government restriction, it is predicted, will cause a scramble by the states to find substitute sources of tax revenue — The United States is now exporting as much cheese every 48 hours as it did in the entire year of 1939 — The proposed nickelness nickel might force vending machine operators out of business inasmuch as such a coin wouldn't get by automatic slug detectors in about 1,250,000 machines — Approximately 600,000,000 pounds of dog and cat food valued at $36,000,000 were produced last year.

• • •

Commissioners Select June 8-10 for Denver Meeting

THE ANNUAL MEETING OF THE NATIONAL ASSOCIATION OF INSURANCE Commissioners, it has been announced, will be held at the Cosmopolitan Hotel in Denver, Colorado, June 8-10. Because of the war situation, this meeting assumes added significance and should be one of the most important in many years.

W. Lee Baldwin, president of the Security Life and Accident Company, has been named chairman of the General Committee which will handle arrangements for the meeting. Insurance Commissioner Luke J. Kavanaugh of Colorado, host to this year's convention, has been named honorary chairman.

It is anticipated that a large number of commissioners and company executives will be in attendance at the meeting to offer every possible cooperation to help solve the extraordinary problems confronting insurance as the result of the war.

• • •

Agger Confirmed As New Jersey Commissioner

THE NEW JERSEY SENATE HAS CONFIRMED THE APPOINTMENT OF DR. Eugene E. Agger of Rutgers University as State Banking and Insurance Commissioner to succeed Louis A. Reilly of Newark. Dr. Agger was nominated for the post several months ago by Governor Charles Edison but no action was taken by the 1941 legislature prior to adjournment. The appointment was resubmitted as soon as the 1942 Senate organized.

The term of Commissioner Reilly expired last March but Governor Edison made no move to appoint a successor until he nominated Dr. Agger for the post about the middle of November.

The new Commissioner, head of the Economics Department at Rutgers University, has a background as a teacher, economist, author and banker. He has not been active in politics. It is understood that Dr. Agger will continue part of his teaching and research activities at Rutgers University after he assumes office.

• • •

New York Department Report on Counselor Investigation

"DURING THE PAST FIVE YEARS", SAYS THE NEW YORK DEPARTMENT in a recent release, "there has been an influx of life counselors whose activities have been confined mainly to the holders of industrial and small ordinary policies. Their business has been obtained through various forms of advertising but the larger and more active organizations have solicited chiefly by means of the radio. Although this type of business appealed to some who had experience in selling insurance, it offered a new

field, without any regulation or requirements either as to experience, ability or character. They held no licenses from the Insurance Department and were in no way under its control."

The Superintendent then tells of the result of an examination of a certain firm of counselors, which yielded the following information:

The report shows that these consultants, * * *, who collected approximately $184,700 in fees from life insurance policyholders in a period of two years, deal for the most part with industrial policyholders, and that their recommendations consist chiefly of changes from endowment and limited payment policies to whole life policies. In only a comparatively small number of cases did their recommendations call for a change from industrial to ordinary insurance. Although they tell policyholders that they can reduce premiums, eliminate loans and obtain substantial amounts of money for them, the saving consists of the simple expedient of changing endowment and limited payment life policies to whole life policies; in other words, by changing policies containing more savings to policies containing less savings.

With respect to the corporation's "personnel" the report states:

Since June 1, 1939, nine persons (exclusive of one who was employed for only a week) have been in the employ of the corporation for varying periods of time in the capacity of advisers. Two of these men had previously been insurance company branch office managers; one of them was discharged because of irregularities and the license of the other was revoked for cause by the Insurance Department. Three of the others had been assistant branch office managers with life insurance companies; one of these was discharged because of irregularities; the other two were demoted to the status of agents and were so employed at the time they resigned. The remaining four advisers were previously employed in the capacity of life insurance agents but all four were discharged from the companies because of irregularities; the licenses of two of these men were ordered revoked for cause by the Insurance Department; the other two, whose life insurance experience was solely in the capacity of agent, have been held out to the public as "practical actuaries".

Included in the examiner's conclusions set forth in the report are the following:

These consultants have made misrepresentations, misleading statements and incomplete comparisons concerning the true nature of the changes recommended by them.

While the advice actually given is of a simple and routine nature, they have represented to the public that they have an actuarial bureau, employ practical actuaries and make a "study" of the policyholder's insurance.

In connection with fee practices substantial amounts have been charged for simple and routine advice and there have been numerous deviations from the fee formulae.

Many of the recommendations of these consultants have not been followed, even though fees have been paid.

In a number of instances the consultants wrongfully refused to return policies to policyholders who decided not to follow their advice, unless the policyholders paid the fees demanded by them.

Numerous lawsuits and complaints to the Insurance Department charging fraud and deceit, breach of contract and violation of Sec. 127 of the Insurance Law were filed.

• • •

Ottosen, Utah Deputy Commissioner, Resigns

DEPUTY INSURANCE COMMISSIONER C. N. OTTOSEN OF UTAH HAS RESIGNED that post to become Assistant Attorney General of the State. Mr. Ottosen, who has already assumed his new duties, was appointed Deputy Commissioner in 1935, when the affairs of the Insurance Department were being administered by C. Clarence Neslen, now in army service. Previous to that (1930-1933) he had served as a special agent for the F. B. I. in Salt Lake City, and as a special investigator for the Salt Lake County Attorney's office (1933-1935).

Announcement of Mr. Ottosen's resignation was received with surprise in insurance circles in Utah. The post has not as yet been filled and the belief has been expressed that it will remain vacant indefinitely.

• • •

Free War Risk Insurance May Be Out

WHETHER WAR RISK INSURANCE AGAINST LOSSES FROM ENEMY ATtacks which may be sustained by property owners of the United States will be on a free basis or if a small premium is to be charged, depends on final action taken by the House of Representatives with respect to the measure.

Senate bill 2198, introduced by Senator Wagner of New York, providing for the establishment of a $1,000,000,000 War Damage Corporation, passed the Senate on February 3. Under the terms of this measure the War Damage Corporation will provide free protection against war risks with a maximum limit of $15,000. For coverage in greater amounts a premium or charge would be made. The section of the Wagner bill providing for the financing of the War Damage Corporation is as follows:

"Section 5g (a) The Reconstruction Finance Corporation is hereby directed to continue to supply funds to the War Damage Corporation, a corporation created pursuant to Section 5d of this Act; and the amount of notes, bonds, debentures and other such obligations which the Reconstruction Finance Corporation is authorized to issue and to have outstanding at any one time under existing law, is hereby increased by an amount sufficient to carry out the provisions of this subsection. Such funds shall be supplied only upon the request of the Federal Loan Administrator, as approved by the President, and the aggregate amount of the funds so supplied shall not exceed one billion dollars. The Reconstruction Finance Corporation is authorized to and shall empower the War Damage Corporation to use its funds to provide, through insurance, reinsurance or otherwise, reasonable protection against loss or damage to tangible real property and tangible personal property which may result from enemy attacks with such general exemptions as the War Damage Corporation, with the approval of the Federal Loan Administrator, may deem desirable.

"Such protection in an amount not greater than $15,000 shall be provided to the owner of any such property, as defined by regulations prescribed by the War Damage Corporation, with the approval of the Federal Loan Administrator, without requiring the payment of a premium by or other charge to such owners. In the event such protection is so provided to the owner of any property in an amount greater than the coverage with respect to which no premium or other charge may be required, such excess coverage shall be provided only upon payment of such reasonable premium or other charge therefor, as the War Damage Corporation, with the approval of the Federal Loan Administrator, may prescribe. Such protection shall be made available in accordance with terms and conditions to be prescribed by the War Damage Corporation with the approval of the Federal Loan Administrator.

"Such protection shall be limited (1) to such property situated in the United States (including the several states and the District of Columbia), the Philippine Islands and the Canal Zone, the territories and possessions of the United States, and such other places as may be determined by the President, for purposes of this section, to be under the dominion and control of the United States; and (2) to such property in transit between any points located in any of the foregoing."

When hearings on the bill were held by the Banking and Currency Committee of the House of Representatives, Jesse Jones, Federal Loan Administrator, appeared and urged reduction of the maximum $15,000 free coverage permitted in the bill. He asked the House to reduce this limit to $6,000 on homes plus an additional $1,500 for contents, before requiring property owners to pay premiums. With the incorporation of these changes in the bill he recommended its passage by the House.

The Banking and Currency Committee of the House reported the bill out for passage, however, with the free coverage entirely eliminated. According to a committee spokesman it was felt that insurance of any kind

is something which should be paid for and because of this a provision providing for paid insurance instead of permitting a maximum amount of free insurance was inserted in the bill. Premiums, it is said, would be low and would be determined by the War Damage Corporation working with the insurance industry. The present free insurance coverage will continue under the terms of the measure, however, until rates are established by the War Damage Corporation.

If the bill as reported out by the House Banking and Currency Committee is passed by the House of Representatives then conferees of that body and the Senate will meet in an effort to reach an agreement.

It has been intimated that insurance companies will be asked to handle all this war risk insurance business on a basis of taking a small percentage of each premium. In addition, private companies may be asked to take part of the risk.

• • •

Mutual Agents Select New York For Annual Meeting

THE BOARD OF DIRECTORS OF THE NATIONAL ASSOCIATION OF MUTUAL Insurance Agents have selected New York City as the site for the 1942 annual meeting of the organization. A committee has been delegated to select the dates for the meeting, name the hotel, and to make other necessary arrangements.

• • •

Carl N. Jacobs Renominated for Director of U. S. Chamber

CARL N. JACOBS, PRESIDENT OF THE HARDWARE MUTUAL CASUALTY COMpany of Stevens Point, Wisconsin, has been nominated by petition to succeed himself as a director representing insurance in the Chamber of Commerce of the United States. The petition endorsing Mr. Jacobs' candidacy was signed by H. G. Kemper, president, National Association of Automotive Mutual Insurance Companies; J. H. R. Timanus, president of the Federation of Mutual Fire Insurance Companies and the National Association of Mutual Insurance Companies; R. P. Barbour, president, National Board of Fire Underwriters; Forrest E. Wheeler, president, Mutual Fire Insurance Association of New England; Ira G. Walborn, president, Pennsylvania State Association of Mutual Insurance Companies; and H. P. Dibble, president, Mutual Insurance Companies Union of Indiana.

Mr. Jacobs was born in Stevens Point, Wisconsin, and received his education in the parochial and public schools of that city. He started his business career with the Hardware Mutual Casualty Company of which he is now president. In addition, Mr. Jacobs is chairman of the board of the Hardware Dealers Mutual Fire Insurance Company of Stevens Point, Wisconsin, and is also president of the National Association of Mutual Casualty Companies and a director of the National Association of Automotive Mutual Insurance Companies. He is a past president of the latter organization.

Mr. Jacobs and John M. Thomas, president of the National Union Fire Insurance Company of Pittsburgh were named directors of the Chamber representing insurance on March 21, 1941, when the two incumbents, John C. Harding, vice-president of the Springfield Fire and Marine Insurance Company, and J. H. R. Timanus, secretary, Philadelphia Contributionship for the Insurance of Houses from Loss by Fire, voluntarily retired to make possible an arrangement under which the representation of stock companies might be from the East and the mutual companies from the West.

CARL N. JACOBS

Renominated to succeed himself as Director representing insurance in Chamber of Commerce of U. S.

The vote certifying Mr. Jacobs as a director for another two-year term will be taken at the annual meeting of the United States Chamber of Commerce to be held in Washington, D. C., on April 27. Mr. Thomas' term of office does not expire until 1943.

FIRE NEWS . . .

New York State Mutuals Hold Convention at Syracuse

NEW YORK'S CENTRAL ORGANIZATION OF FARM MUTUALS HELD ITS 1942 meeting at Hotel Syracuse, Syracuse, New York, on January 27 and 28, drawing an enthusiastic crowd of some 200 to their banquet and the other meetings scheduled on the program's two full days. An especially serious note dominated all of the sessions and practically every speaker bore down on the urgent present necessity for the highest type of cooperation and the application of the most modern ideas of inspection, fire prevention activities and alert management.

The reaction of the delegates to these speeches was notably very satisfactory to the officers of the organization who expressed themselves as being gratified over the most successful state meeting they have had in many years.

Giving added interest to the program was the presence of Thomas Cullen, Deputy Superintendent of Insurance of the State Insurance Department, and Raymond Harris, also a Deputy Superintendent from Albany. Both of these deputy superintendents took occasion to suggest minor changes in procedure for the companies and cautioned them to be particularly watchful during the war period, but also complimented the members of the organization for their fine spirit of unity and very apparent desire to work with the Department in solving difficulties and forming new plans. In turn the president, A. C. Ewell, and secretary, R. M. Stanton, gave credit to the Department and especially to the two representatives for much valuable aid and counsel, and sympathetic attention to the companies' needs.

Harry P. Cooper, secretary of the National Assn. Insurance Coes., gave an inspirational talk on "Mutual Insurance in These Times" and held the close attention of his audience by his observations which were warmly applauded.

Whiton Powell, professor of business management, Cornell University, spoke on "Service" and laid out a number of essentials by which

insurance companies may be measured as to efficiency in taking care of policyholders. This was a sound, commonsense talk full of very practical suggestions and exemplified the effort which educational institutions are now putting into insurance research particularly of companies in the rural field.

Guy C. Eaby, secretary and treasurer, Pennsylvania State Association of Mutual Insurance Companies, told of the progress of mutual insurance. His was a philosophical paper with touches of exceptional eloquence and well-thought out comments on the economic importance of mutual companies as a distinct asset in the business world.

George W. Lamb, president, Springfield Bank for Co-operatives, figuratively looked into a crystal ball to envision what the future will be ten years from now, and did an exceptionally good job forecasting the growth and efficiency of the New York organization after another decade of operation. His prophecies were very neatly put and undoubtedly will serve as a pattern for development in the coming years.

A representative of the American Mutual Alliance spoke on "The Insurance Situation Today" and went into the details of the various organizations which are working both statewide and nationally to see that mutual insurance makes the largest progress possible. He particularly commended Mr. Stanton for his work in fire prevention which has grown to be of national importance.

Previously Milton M. Harder, first deputy chief of the Syracuse Fire Department, spoke on "Fire Prevention" and interestingly recited many instances of what the public has done and can do to reduce the danger from flames. He exhibited a model of an incendiary bomb and told of the best methods which experts had devised to conquer the intense heat developed by such missiles.

A. C. Ewell presided throughout as president of the organization and with his natural aptitude for saying the right thing guided the meetings expertly with lively good humor.

There were round-table question box periods participated in by dozens of members and a semi-executive session where reports of committees, passing of resolutions and nominations for the coming year's officers were the order of the day.

A highlight of the meeting was the banquet held on the evening of the 27th at which addresses were delivered by William J. Rich, Master, New York State Grange; E. R. Eastman, editor of American Agriculturist, and William A. Humphries, president, Co-operative Fire Underwriters Association of Albany, New York, the latter making the presentation speeches for the special fire prevention awards given to young men and young women of the state for their winning essays. Toastmaster of the evening was Frank P. Tucker, already well-known as one of the sterling wits in the banquet field, and who outdid himself on this occasion to the great delight of the large audience.

Officers chosen for 1942 were, president, H. G. Webster of Auburn, New York; secretary, R. M. Stanton of Greenville; treasurer, E. W. Vary of Watertown. William Leadbetter of Mohegan Lakes became vice-president and Thomas Cotton of Friendship, N. Y., was added to the board of directors.

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No Opinion Issued on Legality of War Risk Plan

IN COMMON WITH MOST OF THE INSURANCE PRESS, THIS MAGAZINE reported in January that a ruling had been issued by the Attorney General of the United States wherein it was held that any plan financed by mandatory premiums would be illegal because it would constitute a direct tax in violation of the Constitution. This was in respect to rumors of a project for war risk insurance to be sponsored by the R.F.C.

Both the Department of Justice and the R.F.C. declare that no such a ruling was issued and have asked that the story be retracted in order to stop the flood of inquiries still being received.

• • •

Muller Heads Minnesota Farm Mutuals

GEORGE E. MULLER, MADELIA, WAS ELECTED PRESIDENT OF THE STATE Assn. of Farmers Mutual Ins. Companies of Minnesota at the conclusion of the organization's two-day annual meeting held in St. Paul on January 21 and 22. Oscar Swensen, St. Peter, was named vice-president and A. E. Anderson of Cottonwood and F. T. Powers of Mora were re-elected secretary and treasurer, respectively.

Featured speaker at the convention was Insurance Commissioner Newell R. Johnson of Minnesota who suggested the adoption of a three-point program for the war emergency by the farm mutuals. Among other things, Commissioner Johnson urged a detailed inspection program, having in view the correction of all farm fire hazards; an educational program through pamphlets and newspapers, with the view of bringing before the people the everyday hazards of fire; and entering into agreements with local fire departments for the protection of farm buildings.

Other speakers included E. J. Devitt, assistant attorney general of Minnesota in charge of insurance matters; J. E. Jones, Jr., general agent, St. Paul Federal Lank Bank; A. D. Reynolds, United States collector of internal revenue; Judge Harry A. Johnson of Mankato and Sam R. Boyle of St. Paul.

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Dann Heads Richland County Mutual

E. W. DANN, WHO BECAME ASSOCIATED WITH THE RICHLAND COUNTY Mutual Insurance Company of Mansfield, Ohio, in 1902, has been elected president of the organization to succeed the late J. A. Rigby. Prior to his elevation to the presidency, Mr. Dann had served as secretary-treasurer of the company.

Other executive changes announced at the annual meeting of the company on January 12 include the election of H. F. Caldwell as vice-president; J. G. Wallace as secretary-treasurer, and Edwin Mansfield as chairman of the board.

• • •

New Booklet On Reinsurance Coverages For Farm Mutuals

RECENT PUBLICATION OF A BOOKLET, "REINSURANCE AMONG FARMERS' Mutual Fire Insurance Companies", by Dr. V. N. Valgren, Principal Agricultural Economist, Farm Credit Administration, United States Department of Agriculture, should prove especially helpful to the more than 1900 farm mutual insurance companies in the United States.

The purpose of the publication is to make clear the significance and value of reinsurance, to outline the several ways adopted by farm mutuals for providing themselves with reinsurance protection, and to explain the various forms of protection thus provided. The booklet does not attempt to cover all the forms and methods of reinsurance that have been developed and practiced by commercial insurance companies, but deals only with those that have been found adapted to the needs of farm companies.

Among the subjects treated are

specific risk reinsurance; blanket reinsurance; reinsurance between ordinary mutuals; reinsurance distributing agencies; reinsurance companies (specific risks); reinsurance companies (blanket plan); and Michigan Farm Excess of Loss Association. Dr. Valgren goes into details of organization and procedure incident to the operations of the above types of reinsurance plans, and the information he gives forms a valuable guide to those who are interested in the practical aspects of reinsurance coverage.

Dr. Valgren's long official experience qualifies him as an authority on farm mutual problems and his booklet, which is the first complete treatment of the subject, reflects the studious research he has put into this work.

Copies of the booklet may be secured from the Superintendent of Documents, Washington, D. C., at ten cents per copy.

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Michigan 1752 Club Meets In Flint

THE JANUARY MEETING OF THE MICHIGAN 1752 CLUB WAS HELD IN Flint on January 17 for the benefit of mutual fire and casualty agents of the western part of the state.

Among the featured speakers at the meeting were John S. Kerper, Employers Mutual Casualty Company, who discussed "The American Way", and D. G. Woodworth, Ohio Hardware Mutual Insurance Company, who delivered a paper on "Extended Coverage". Another highly popular and entertaining feature was a "True or False Quiz" on automobile insurance.

Merle C. Waugaman, Central Manufacturers Mutual Ins. Co., president of the organization, announced that the annual State-wide Meeting would be held in May, the exact date and location to be named later.

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Ferris Heads Utica Fire Insurance Company

THE ELECTION OF T. HARVEY FERRIS AS PRESIDENT OF THE UTICA FIRE INsurance Company of Utica, New York has been announced by the board of directors of that company. He succeeds the late R. H. Canfield. When the company was organized in 1903 Mr. Ferris was one of the founders and he has been a director since that time. In 1935 he was elected vice president.

To fill the office of vice president vacated by Mr. Ferris, the board of directors selected J. J. O'Neill. Mr. O'Neill has been with the company since 1930. In 1933 he was made a director and in 1934 he was appointed general manager.

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Raymond C. Baker Loaned to Public Safety Organization

RAYMOND C. BAKER, EXECUTIVE VICE PRESIDENT OF THE MUTUAL FIRE INsurance Association of New England has been appointed assistant director of the Protection Division of the Massachusetts Committee on Public Safety by General Daniel Needham. Although Mr. Baker will continue in his association post, the major part of his time will be devoted to public safety duties.

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Minnesota Recommends Use of Renewal Endorsement

FIRE AND CASUALTY INSURANCE COMPANIES LICENSED TO DO BUSINESS in Minnesota will be permitted to use the renewal endorsement form in lieu of rewriting policies on expiration, according to an announcement by Insurance Commissioner Newell R. Johnson. "It appears to the Department", said the Commissioner, "that the use of a renewal endorsement form is feasible for both fire and casualty companies and it is therefore determined to permit use of such endorsement and recommends its adoption as an aid to the government's Victory program for the following reasons:

1. The use of a renewal endorsement will materially decrease the amount of paper consumed.
2. Considerable expense of printing, postage and rental storage space will be affected.
3. Fewer steel filing cabinets will be needed which are not only hard to obtain but contain an important defense material.
4. Simplification in office detail of agents which will release employes for other work in their offices or for defense work.

It is understood that the use of renewal endorsements is purely optional with the companies. Forms of renewal endorsements must be submitted on the basis that no policy written for one year will be renewed by certificate more than four times and no policy written for a three-year period will be renewed by certificate more than once. No policy shall be renewed for a different term than the original term and all must be written at the rate and premium applicable at the date of renewal.

Lewis S. Ward Dies

LEWIS S. WARD, SECRETARY-TREASURER OF THE COLUMBIANA COUNTY Mutual Insurance Company of Lisbon, Ohio, died at his home in that city on January 27 after an illness of more than a year.

Mr. Ward had been identified with the company for nearly 37 years, having served as a director for 25 years and as secretary-treasurer for the past 19 years.

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Pink May Recommend Renewal Certificate Plan

RECOMMENDATION THAT LEGISLATION BE ENACTED WHICH WOULD permit the use of certificates upon the renewal of fire insurance policies in the State of New York is being considered by Superintendent of Insurance Louis H. Pink. A tremendous saving of paper would result from the issuance of a short form of certificate upon such renewals.

The New York Insurance Law now prohibits use of certificates upon the renewal of fire insurance policies. Superintendent Pink indicated that if permitted, the renewal certificates should be issued in triplicate, one for home office use, one for the agent and one for the insured. Where a mortgagee interest is involved it would necessitate issuance of the certificate in quadruplicate.

Renewal certificates are in use at present in several casualty lines.

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Post-War Economics

FULL EMPLOYMENT OF AMERICA'S MANPOWER AND MATERIAL RESOURCES, now forced by the war, carried over into the peace would give this country the highest standard of living it has ever known.

This is the central forecast of the first of a series of exploratory reports on Post-War problems made for the Twentieth Century Fund by Stuart Chase, and soon to be made public by the Fund.

In his first report, which he calls "The Road We Are Traveling", Mr. Chase finds that old restrictions of money and finance on the full use of men and materials are being swept aside all over the globe. "No nation in this dangerous world of 1942 is meekly going bankrupt because some textbooks say it ought to. It will go physically bankrupt when it runs out of food, coal, iron, oil, aluminum and not before."

CASUALTY NEWS . . .

Must Furnish Insured With Exact Copy of Policy

J. P. GIBBS, CASUALTY INSURANCE COMMISSIONER OF TEXAS, IN A COMmunication directed to all insurers writing automobile insurance in the state, their agents and representatives, points out that many assureds are not furnished with a copy of the policy or the daily report by the insurance carrier. He, therefore, orders that on all policies written with an effective date on and after February 1, 1942, an exact copy of the policy or daily report be furnished.

Commissioner Gibbs' order follows in full:

"It has come to the attention of the Board that a great number of insureds who are required to furnish evidence of bodily injury liability and property damage liability insurance by having on file the original policy with the Railroad Commission of Texas as a prerequisite to operate automotive equipment under a permit or certificate of convenience and necessity, are not furnished with a copy of the policy or the daily report by the insurance carrier.

"On all policies written with an effective date on and after February 1, 1942, the insurance carriers are hereby ordered to furnish each insured with an exact copy of the policy or daily report showing all equipment insured, the rates and premiums charged, exact copies of all endorsements attached to the original policy, and all other information shown on the original policy."

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New Life Insurance Up 14% in 1941

NEW LIFE INSURANCE FOR 1941 WAS 14% MORE THAN FOR 1940 according to a report recently forwarded to the United States Department of Commerce by the Association of Life Insurance Presidents. The 1941 total was larger than for any year since 1937. Ordinary insurance showed an increase of 10.7%, industrial insurance an increase of 8.1%, and group insurance an increase of 51.5%.

For December the total of all classes was 64.4% greater than for December of 1940, and larger than for any month since April of 1930.

The report aggregates the new paid-for business — not including revivals, increases, and dividend additions — of 39 United States companies having 81% of the total life insurance outstanding in all United States legal reserve companies.

For 1941, the total new business of the 39 companies was $8,331,638,000 against $7,311,221,000 in the preceding year — an increase of 14.0%. Ordinary insurance totaled $5,592,087,000 against $5,050,065,000 — an increase of 10.7%. Industrial insurance amounted to $1,710,620,000 against $1,581,858,000 — an increase of 8.1%. Group insurance amounted to $1,028,931,000 against $679,298,000 — an increase of 51.5%.

For December, the total new business of the reporting companies was $1,141,316,000 against $694,156,000 — an increase of 64.4%. Ordinary insurance was $656,309,000 against $443,782,000—an increase of 47.9%. Industrial insurance was $186,190,000 against $142,371,000 — an increase of 30.8%. Group insurance was $298,817,000 against $108,003,000 — an increase of 176.7%.

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A & H Week General Committee Meets

A PROGRAM OUTLINING IN DETAIL A FIVE DAY A & H WEEK OBSERVANCE, adaptable to any community and publicizing the value of accident and health insurance to the American home, was one of the several constructive ideas adopted at the General Committee meeting of 1942 Accident and Health Insurance Week held in Chicago on January 23. Complete details of the program, which was prepared by C. Norman Green of Indianapolis, will be available shortly to all accident and health week committees of local associations.

A report of the special research committee was made by its chairman, Fred Walters. The report outlined the consideration given by his committee to various suggestions concerning additional publicity work for the accident and health business. The report recommended that a permanent committee be appointed with Harold R. Gordon as chairman to handle general publicity for the accident and health business throughout the year.

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Auto Endorsement Forms Approved for Use in Texas

NOTIFICATION HAS BEEN SENT TO ALL INSURERS WRITING AUTOMOBILE insurance in the State of Texas, their agents and representatives, that the Board of Insurance Commissioners has prescribed and authorized the use of several automobile endorsement forms effective January 15, 1942.

Casualty Insurance Commissioner J. P. Gibbs states that the forms which have been approved are No. 15-collision endorsement; No. 86-property damage endorsement; No. 157-medical payments endorsement.

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Central Mutual Casualty Company Reelects Officers

AT THE ANNUAL MEETING OF THE CENTRAL MUTUAL CASUALTY COMpany of Kansas City, Missouri, held on January 27 all officers were reelected as were three directors whose terms were expiring.

Lee Taylor Casey, associate editor of the Denver Rocky Mountain News, a son of the founder of the company, was elected a member of the board to fill out the unexpired term of Mr. Stanley Christopher, whose death occurred in 1941.

The officers of the company are John G. Owen, president; Garrett Ellison, vice-president, and G. D. Warner, secretary-treasurer.

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Map Plans To Reduce Home And Farm Accidents

PLANS TO REDUCE HOME AND FARM ACCIDENTS, WHICH ANNUALLY CLAIM a toll of more than 37,000 lives, were formulated by some of the nation's leading accident prevention authorities who gathered in Chicago on February 17-18 for the First National Home and Safety Conference sponsored by the National Safety Council. More than 100 national organizations were represented at the meeting.

Among the speakers at the two-day conclave were Colonel John Stilwell, president of the Council; T. Roy Reid, director of personnel, United States Department of Agriculture; J. C. Mohler, secretary of the Kansas State Board of Agriculture; Miss Katharine Fisher, director of the Good Housekeeping Institute, and Miss Rosamond Losh, executive secretary of the Kansas City Children's Bureau.

W. H. Cameron, managing director of the Council, hailed the meeting as one of the most important milestones in the history of safety.

"The council and other organizations have fought home and farm accidents for many years", he said. "But it has been a difficult job", he continued, "because there is no direct

control over them as there is over traffic and work accidents. You can't police a man's home or farm. There he is his own boss. The only way to reach him is through the organizations that already deal with him — the agencies he knows and trusts. A nation at war cannot afford the needless waste of manpower, time and money resulting from accidents. It makes no difference where they occur. A skilled worker is a loss whether he is hurt on the job or at home. Now that many farmers and farm hands have gone into service or to industrial jobs, those who are left must turn out bigger and bigger crops without interruption by accident."

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James A. Splaine Dies

JAMES A. SPLAINE, RETIRED RESIDENT MANAGER OF THE LIBERTY MUtual Insurance Company in Springfield, Massachusetts, died recently at his home in Springfield.

Mr. Splaine was born in Brooklyn, New York on November 2, 1872. He joined the Liberty Mutual as a salesman on March 1, 1924 and on January 4, 1926 he was made manager of the Springfield office of the company. He retired from active service on July 31, 1940 but because of his wide acquaintance and his knowledge of the Springfield territory he was retained as a consultant by the Liberty Mutual.

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Caminetti Warns Against False Advertising

INSURANCE COMMISSIONER A. CAMINETTI, JR. OF CALIFORNIA HAS NOTIfied all insurers licensed to write disability insurance in the state that complaints have been made that certain disability (accident and health) carriers have issued bulletins stating that their policies cover war risks and that agents for such companies have represented that their policies covered war risks. The commissioner points out that he has found that most such policies authorized by the Department for use in California exclude some or all war risks.

Attention is called to the fact that such advertising or representations, if not a correct statement of the terms of the policies, (or if authorized endorsements are not added to make them accord with the facts) constitute misrepresentation which will subject the agent and the company involved to disciplinary action by the California Insurance Department.

Charles R. Wilder Dies

CHARLES R. WILDER, PROMINENT MUTUAL CASUALTY INSURANCE executive, of Bronxville, New York, died suddenly on January 29, 1942, in a Boston hotel. Funeral services were held January 31 in Bronxville, New York and burial was made at Burlington, Vermont.

Mr. Wilder had been Vice-President of the Liberty Mutual Insurance Company since 1924. He had been associated with that company since 1913. In 1916, he organized and was first manager of the company's Pennsylvania territory, later served as Assistant to the President at the Home Office, and in 1918 became Manager of the company's New York District. Before joining Liberty Mutual, Mr. Wilder was traveling freight agent for New England for the N. Y., N. H. & H. Railroad.

Mr. Wilder was an authority on Workmen's Compensation Insurance and was widely known throughout the whole field of American casualty insurance. In recent years, he had been a member of the Home Office administrative staff of the Liberty Mutual but retained his office in New York. His duties included general supervision of all the company's field work.

Mr. Wilder was born on February 3, 1881 at Swanton, Vermont, son of the late Dr. Hoyt R. Wilder and Mrs. Lavinia Knowles Wilder. He attended the public schools at Burlington and the University of Vermont. Mr. Wilder married Miss Betty Hawley of Burlington who survives. He is also survived by one son, Donley H. Wilder of Rockford, Illinois, two grandchildren, and two brothers, Howard E. Wilder, Marblehead, Mass., and Dr. Henry L. Wilder, Burlington, Vermont.

For many years Mr. Wilder had been an active member of the Greater New York Safety Council and at the time of his death was vice-president and director of that organization. He was also a member of the Uptown Club, Rockefeller Luncheon Club, City Club of New York, Westchester Club, and Alpha Tau Omega fraternity.

Photo by Blank and Stoller

1881 — CHARLES R. WILDER — 1942

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Greater New York Safety Convention

THE GREATER NEW YORK SAFETY CONVENTION AND EXPOSITION SPONsored by the Greater New York Safety Council and cooperating agencies, to be held at the Hotel Pennsylvania in New York City, March 3-6, will stress the importance of aeronautical, commercial, commercial vehicle, industrial, marine, miscellaneous, and street and highway safety. The program, containing as it does so many subjects of insurance interest, is expected to draw a large number of insurance men to the meeting.

Among the problems scheduled for analysis at the Industrial Safety sessions are fundamental causes of accidents; industrial safety clinics; training green hands; training new foremen; eyes for efficiency; guarding for production; industrial fire defense; safe welding; health of the worker; industrial health—chemical and engineering; industrial health — medical; and industrial nursing.

The Street and Highway sessions will study such important problems as elimination of traffic bottlenecks; improving production transport; protecting and controlling the public in emergencies; traffic control for national defense, and control of the driver and protection of the victim.

A number of safety displays will be on exhibition throughout the four day meeting.

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Miller Resigns As Illinois Deputy

RESIGNATION OF HAROLD A. MILLER, special deputy of the Illinois Insurance Department since 1937, effective March 1, has been announced.

Since joining the Department, the greater part of Mr. Miller's time has been spent on automobile insurance problems, a phase of the insurance business concerning which he had a particularly thorough and precise knowledge. Prior to his affiliation with the Illinois Department, Mr. Miller was assistant western manager of the North America, and previous to that had been head of the Automobile Department of the same company.

Photo by Acme Newspictures, Inc.

Is Placement Safety Factor as Industry Goes to War?

By RANDALL R. HOWARD

BURIED deep in the intricate machinery responsible for working out the detailed war plans of each major nation there doubtless sit today a number of officers charged with a particularly unpleasant duty — that of estimating in percentages the casualties which units of their armed forces may be expected to sustain in the attack or defense of the military objectives selected by their high commands. Able commanders are not noted for heedless expenditure of men and equipment; the rigorous training to which recruits are subjected and the careful preparations of strategy and material all seem directed, in fact, toward keeping losses at the lowest level consistent with the attainment of essential objectives. But, while the military life is not an overly hazardous one in time of peace, experience has shown that in time of war few indeed are the victories which can be won without some losses; and the probable occurrence of such losses has been accepted by fighting men throughout history as one of the regrettable necessities of actual combat warfare.

In the present world conflict, however, it has been noted many times that a new kind of war is being waged. The fighting man remains the really important man, as in the wars of the past. But to permit him to perform his desperate tasks with maximum efficiency it has become necessary to back him up with a great number of industrial workers, whose responsibility it is to furnish him with the tools he requires.

Planes, guns, tanks, ships, and explosives must flow to him upon a scale undreamed of in the past, and the complexity of the task of manufacturing and making available these tools has so increased that eventually a very considerable section of the population of every warring country must devote its energies to it. This industrial side of warfare will require many more recruits than will the armed forces. Some will be skilled workmen whose mechanical abilities can be shifted from peacetime production to production of the tools of war without difficulty, but a shortage of such men already has developed. Some will be old men, whose skills may have rusted and whose reactions have slowed down. A great many will be workers without developed mechanical skills at all — workers taken from non-manufacturing fields which are unimportant in a wartime economy, women, youthful workers who are coming into industry for the first time.

Will the manning by these workers of the United States' huge machine for war production result in a disproportionately heavy increase in the number of industrial casualties, just as combat warfare on a huge scale may be expected to result in a greatly increased percentage of casualties in the armed forces? This is a question which is causing great concern among industrial safety engineers and safety-minded production experts who have been fighting the enemy of industrial accidents with increasing success for more than a score of years. Nor is their sole concern today to spare the industrial worker the suffering or tragedy which may be the result of every industrial accident. Today, with continuous large-scale production imperative if the fighting men in the field are to be supplied, the conservation of man-hours of production which can be lost through accidents makes emphasis upon industrial safety more necessary and important than ever before.

The huge total of production days lost as the result of industrial accidents, even under favorable conditions, is seldom appreciated by those not close to the problem. During 1940, when the speeding up of defense production was only beginning, the reports of the United States Bureau of Labor Statistics show that a total of 1,890,000 workers in this country were either killed or injured at their jobs. They show that, based on previous annual reports from identical establishments, disabling injuries in the three vital war industries of machine tools, aircraft production, and ship building had increased 22 per cent as compared with 1939. The 1940 industrial accidents included 18,100 fatalities, nearly 90,000 injuries which resulted in some kind of permanent impairment, and 1,782,000 temporary disabilities which caused one day or more of lost time. The rated total of man-days of labor lost because of these accidents was 233,840,000.

According to the reports of the same bureau there were 2,508 strikes during 1940, involving 576,000 workers. Because a strike is more spectacular than the ordinary accident it was the general impression that strikes were a major factor in loss of man-days of production during the

year. The report says that strikes cost industry 6,700,872 man-days of work, or about one-fourtieth of the man-days lost through accidents.

Obviously then the making of every effort to keep industrial accidents down to the minimum is a matter of prime importance in the advancement of the war effort.

Probably it is too early to determine with any degree of accuracy just how much industrial accidents will increase under war conditions. The influx of new and unskilled workers into industry has not yet achieved the proportions which will develop later, as more skilled men are called into the armed forces and the pressure for greater production increases.

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ONE report which was circulated widely to stimulate interest in evening classes in "industrial safety engineering" being sponsored by the War Production Board in cooperation with the United States Office of Education stated that from May to August, 1941, employment in 160 leading Chicago industrial plants increased 8.6 per cent, but that for the same period the frequency rate of these plants' lost-time accidents increased 16 per cent.

The preliminary report of the National Safety Council estimates that there were 18,000 fatal industrial accidents in the United States during 1941 as against 17,000 in 1940, a figure which seems at variance with the report of the United States Bureau of Labor Statistics quoted above. Since it is estimated that the increase in employment during 1941 was proportionately greater than the increase in fatalities shown in the report, the section which deals with the severity of 1941 industrial accidents does not present too startling a picture. But the National Safety Council also estimates, upon the basis of reports from State Compensation Commissions, that there was an increase of about 14 per cent in non-fatal industrial injuries in 1941, but an estimated increase of only about 9 per cent in employment. This indicates an upward trend in the frequency of industrial accidents, and it should be remembered that the difference between fatal accidents and a great many non-fatal industrial accidents is largely a matter of luck.

A preliminary report of the Illinois Department of Labor shows the occurrence of 473 fatal industrial accidents in the state during 1941, as against 469 in 1940; it shows that 47,570 workers obtained accident benefits under the state's workmen's compensation law in 1941, as against 39,147 in 1940. These figures are interpreted by the Department's director as showing a marked decrease during 1941 in relation to man-hours worked, but here too it must be remembered that a great many industrial accidents may not reach the level at which they become claims under the workmen's compensation laws, but may still have an important aggregate effect upon production.

In any attempt to understand how the industrial accident picture is likely to look in 1942 it is necessary to leave behind the statistics which reflects past conditions, however, and to attempt to appraise the accident factors which promise to be at work during the coming months. The writer sought recently the opinions of some of the safety engineers who have had long experience in fighting industrial accidents in connection with their work for the major mutual casualty insurance companies. These companies write a very large volume of workmen's compensation insurance, especially in large plants of the type in which defense work seems tending to concentrate.

One of them gave the following list of reasons why an increase in industrial accidents in 1942 is a distinct possibility: greater pressure on the employe as a result of rush governmental contracts; overcrowding in plants which are attempting to handle unusually large war contracts in minimum time; poor arrangement of machinery and materials due to quick changeover to a new type of production; employment of physically and mentally inferior individuals as the result of a shortage of skilled labor; greater fatigue among employes due to longer hours and night shifts; inadequate illumination on night shifts in those plants that previously operated only during daylight; inadequate first-aid facilities in plants that have grown rapidly as the result of war production; creation of new processes with which supervisors and workers are unfamiliar and in connection with which proper precautions are not taken, such as working with magnesium with little or no recognition of the fire and explosion hazards surrounding it; substitution of materials having health hazards not possessed by the replaced material, such as the replacement of the now scarce solvent toluol by the more toxic benzol; decrease in proportion of supervisors to workers in rapidly expanding plants, so that new workers often must learn jobs through costly experience rather than through organized training; pressure for production which may cause plants to cut down former programs of safety education.

A similar analysis was given by another outstanding insurance safety engineer, whose judgment is that there was a disproportionate increase in industrial accidents during 1941. "Many inexperienced and comparatively unskilled employes have been added to industrial payrolls", he points out, "and often these employes are not trained in safe practices, naturally the remedy for this is more thorough training. Many old and new machines without adequate guards have been pressed into service without following the practice of guarding all equipment before it is used. The tremendous increase in employment in some plants has resulted in spreading more thinly the supervision available. In some plants safety programs have become lax because of the feeling that there is insufficient time for safety work. Our contention is that it takes less time to prevent accidents than is lost through accidents, and that safety programs should be enlarged to meet the increase in problems."

An engineer for a third mutual casualty insurance company which has had a great deal of experience in industrial accident prevention contends that management is more interested in safety than ever before, even though it cannot devote the same amount of attention to it as formerly. He holds that safety education and accident prevention in war industry are functions which must be taken over to a greater degree by insurance carriers, which must perform tasks in this field usually handled in the past by the plant management.

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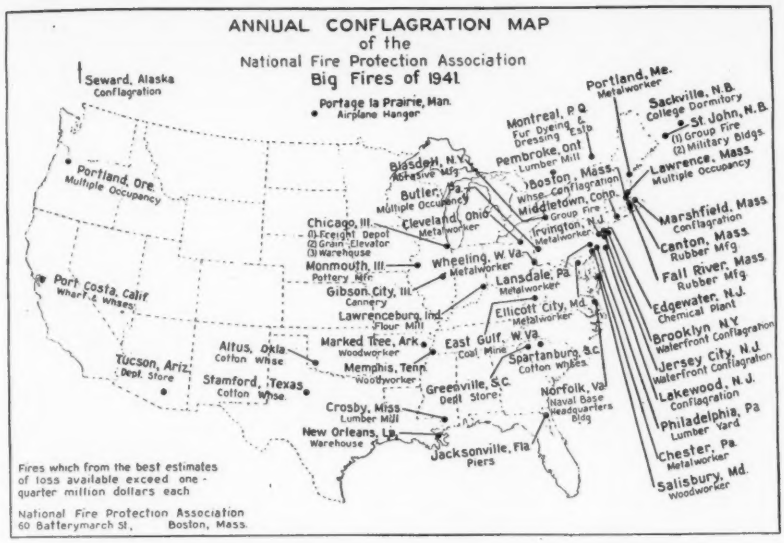
ANALYSIS of the opinions of these and other experts in the field of safety engineering indicates that a very large percentage of the "changeover accident problems" are not at all new, but are merely intensifications of the basic problems of "engineering revision" which the national safety movement has been promoting during the last quarter century. The control of these problems of the engineering type has become well standardized and in many cases the control procedures are legally enforceable. They include such well-known industrial principles as the placing of mechanical guards, building mechanical safety into machines, control of accident and health hazards in processes, protective worker

(Continued on page 23)



Large Increase in Big Fires of 1941

AN $11,000,000 blaze which swept through the Fall River, Mass., plant of the Firestone Rubber and Latex Products Company on the evening of Oct. 11 — with huge damage to 14,000 tons of stored rubber essential to war production — headed by a wide margin the long list of major fires which marked 1941. Held to have been the greatest single industrial fire loss in recorded history the Fall River disaster was but one of thirteen 1941 fires each of which resulted in damage of more than $1,000,000, according to the authoritative annual listing which has just been made public by the National Fire Protection Association.

The other twelve, ranked in order of estimated damage, were: A waterfront conflagration at Jersey City, N. J.; a warehouse conflagration at Charlestown, Mass.; the Plymouth Rubber Company fire at Canton, Mass.; a waterfront conflagration at Brooklyn; the Bienville Warehouse Corporation fire at New Orleans; the W. H. Lear Lumber Company fire at Philadelphia; the Doughnut Corporation of America fire at Ellicott City, Md.; a summer colony conflagration at Marshfield, Mass.; a conflagration at Lakewood, N. J.; the Exolon Company fire at Blasdell, N. Y.; the Porta Costa Warehouses fire at Porta Costa, Calif., and the National Bronze and Aluminum Foundry fire at Cleveland.

In compiling its annual list of major fires the National Fire Protection Association sets $250,000 damage as the point at which a blaze is considered as entering the "major fire" classification. There were in 1941 a total of 48 such fires, six of which occurred in Canada. This represents an increase of ten fires over the 1940 record, and is twelve fires greater than the average for the past five years. A total of fifty lives were lost in the listed fires, twenty-one less than were lost in similar blazes in 1940.

The locations of the 48 major fires are shown in the conflagration map printed on this page, and it will be noted that they occurred predominantly in the northeastern industrial areas.

Metal-working plants were involved in a larger number of fires causing damage in excess of $250,000 than were any other types of occupancy. There were seven major fires in metal-working plants, six in warehouses, six among lumber yards and woodworking plants, five involving multiple occupancies, four on piers and wharves, three conflagrations, two in department stores, two in rubber manufacturing plants, and two in miscellaneous manufacturing plants. Group fires, canneries, office buildings, motor express terminals, fur-dressing and dyeing plants, airplane hangars, flour mills, grain elevators, chemical plants, dormitories, and coal mining properties each accounted for one major fire.

The National Fire Protection Association's analysis of the reasons for the large losses in the listed fires reveals that in each instance a combination of several factors was responsible. These are given in the following table:

Reasons for Large Losses

	No. Times Contributing
Structural Factors	
Inferior construction, excessive areas, etc.	39
Lack of sufficient exposure protection	23
Unprotected vertical openings	19
Occupancy Factors	
Highly flammable contents, excessive amounts of burnable stock	23
Flammable liquids and gases	14
Unsafe heating equipment	4
Contents of unusually high value	5
Fire Protection	
Lack of adequate private protection	28
Lack of fire doors or cutoffs between sections	23
Fire doors blocked open or otherwise inoperative	2
Lack of adequate public protection	6
Sprinkler system shut off	2
Failure of sprinkler system dry valve	1
Fire Fighting	
Fire difficult of access	10
Poor fire fighting by employes	5
Fire department inadequately manned or equipped	6
Inexperience in fighting fires of such magnitude	7
Fire department delayed	3
Delays in Giving Alarm	
Headway of fire when discovered	14
Efforts made to extinguish without giving alarm	6
Watchman became confused	3
Lack of public fire alarm system	2
Telephone out of order	4
Water Supplies	
Inadequate water supply	14
Shortage of hydrants	8
Lack of approaches to river water supply	2
Weather Conditions	
Strong wind	11
Low humidity	3
Explosions	4

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BECAUSE of the large loss sustained and because of several unusual circumstances in connection with the fighting of the fire, the Fall River loss has received considerable study by those interested in fire protection. Perhaps the best detailed story of the blaze has come from Massachusetts State Fire Marshal Stephen C. Garrity, who conducted a thoroughgoing investigation of it which is reported in the January issue of the National Fire Protection Association's Quarterly.

The fire started in a dryer on the third floor of one of the buildings comprising the plant, where foam rubber was being dried. The official

verdict is that spontaneous ignition was responsible. There were no automatic sprinklers in the dryer, although the need for these had been determined, and the materials already were on hand for their installation. A very important factor in the failure to halt the fire's early spread was the action of a watchman in turning off the sprinkler sections near the point of the fire's origin, in the belief that it had been gotten under control by plant employees in its first stages. The sprinklers were turned back on as soon as two other employees had learned of the watchman's action, but the period of approximately ten minutes during which they were not in action proved enough to give the fire an excellent start.

"The vital and climatic act came when the watchman shut off the sprinklers," the Fire Marshal's report asserts in part. "This allowed the fire to spread rapidly. During the interval before the sprinklers were turned on again (there were more than 600 sprinkler heads on each floor) undoubtedly nearly every sprinkler head on the third floor and many on the second floor had opened. This, in my judgment, overtaxed the water supply and presented an overwhelming handicap when the water was turned on again. Up to the time the sprinklers were shut off, according to testimony and evidence, sufficient water was being discharged in the vicinity of the dryer, due to the very excellent supply and pressure. to prevent the fire from getting out of control. The watchman who shut the valves off thought he was doing the right thing. He was very honest in his testimony, but his lack of knowledge as to what should have been done in the emergency was surprising. Had he been trained in his duties he would, undoubtedly, have under similar circumstances investigated the fire by entering the area in which it was located. He most certainly would not have shut off the sprinkler protection until he was certain the fire was out.

"Plant watchmen and guards employed by defense industries must at all times realize the importance of their jobs; but it is the responsibility of the employer to provide suitable instruction and training to guarantee the competence of its personnel. Insurance companies should do more than promulgate certain rules, recommendations, and instructions to industrial plants, and actively participate in the protection program by periodic inspections by experienced supervisors. It is also recommended that a closer cooperation with the local fire department be arranged by industries engaged in war projects for the mutual advantage of both. The industry would enjoy the practical advice and professional assistance of capable experts who would readily recognize potential fire hazards. The firemen would gain thorough knowledge of the structural plans of the buildings of the industry, and a certain amount of information as to the type of material stored therein could be gleaned for preparation in case of fire."

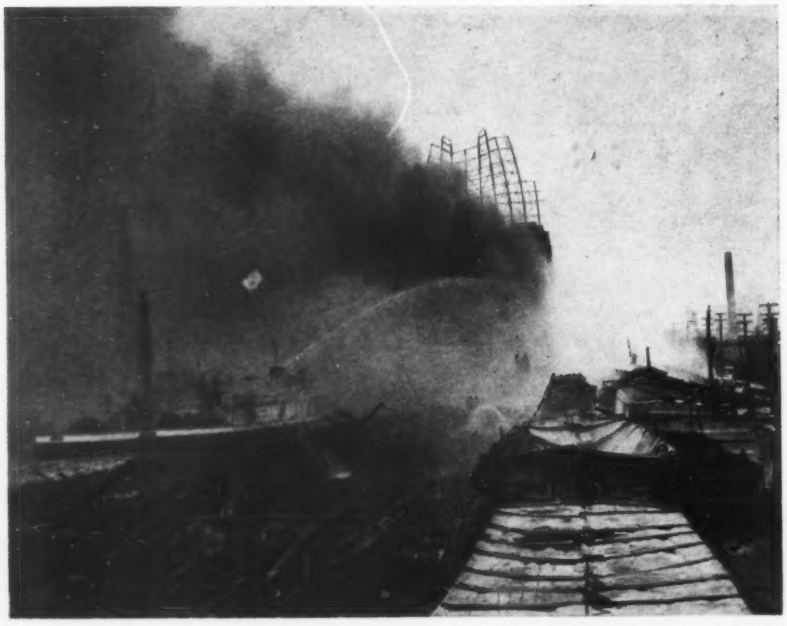

Photo by Acme Newspictures, Inc.

Fire boats as well as land fire companies poured tons of water on blaze which enveloped Jersey City water front on May 31. Loss was estimated at $5,000,000.

A list of the major fires of 1941, in the United States and Canada, with brief details of each as assembled by the staff of the National Fire Protection Association follows:

May 31, Jersey City, N. J.
Waterfront Conflagration.
Loss $5,000,000.

This fire resulted in practically complete destruction of 135 cattle pens and the wharf structure upon which they were constructed, an entire grain elevator, a transfer elevator, a feed mill and the pier upon which they were built. Also destroyed was a loading dock, and a fire-resistive warehouse was severely damaged together with its contents. The cause of the fire, which started in the cattle pens, is not known. There appears to have been some delay in sounding the alarm, estimated by city authorities at as much as twenty minutes. Several alarms were finally sounded, bringing in addition to twelve pumpers and other land apparatus two fireboats from New York. The fire spread quickly across a 150-foot slip to the grain elevator. Its spread was aided by burning cattle boats and barges which drifted across the slip to the elevator. Because of these barges and the intensity of the fire, the fireboats were unable to enter the slip during the early stages. One fire boat was hampered by tugs which delayed her entrance into the slip between the elevator and the warehouse. The construction of the stock yards and elevator was such that the fire spread through them rapidly and as they were accessible to the land companies from one narrow shore end only, the fire department was unable to cope with them successfully. The wind carried the smoke and heat to the warehouse building and in spite of the efforts of the fire department and the operation of the automatic sprinkler system, merchandise in the warehouse was ignited. The fire department then concentrated on saving this building. The inability of the sprinkler system to extinguish the fire in the warehouse cannot be regarded as a failure of the equipment. The long continued exposure not only reignited the contents several times, but also caused so many heads to open (estimated at over 600) that the 52,500-gallon tank supply was soon drained and the fire department connections could not supply all the heads which had opened. The large window area in the warehouse was undoubtedly a factor in the passage of heat from the grain elevator fire into the warehouse. The story might have been much different if these windows had been protected by open sprinklers. Damage to the warehouse, while confined to one section of the structure, was nevertheless severe.

Sept. 18, Charlestown (Boston), Mass.
Warehouse Conflagration.
Loss: $2,000,000.

The buildings involved in this fire were four one-story frame freight houses, each of which was about 620 feet long by 100 feet wide, set on posts four feet above the ground. The open spaces under the buildings were enclosed with wire mesh, but there were

no fire divisions of the substructure area. There were eight transverse metal-clad fire partitions in the shed where the fire originated, dividing the area into nine sections. Each partition had two openings with metal-clad doors hung on wood frames, but few, if any, of these doors were closed at the time of the fire. All the buildings involved were equipped with first aid appliances. The buildings were used principally for the storage of canned food stuffs, but there was also some storage of building supplies and other materials. The fire started shortly before 6:00 P.M. in Freight House No. 35. In response to a telephone alarm the fire department responded with a pumper, a ladder truck and a District Chief. By the time the firemen were able to get water on the fire, the entire area was involved. A box alarm was quickly followed by third, fourth and fifth alarms and then a call for all available Boston apparatus. The fire was so intense that it was impossible to take a stand between any of the freight sheds, all four of which were by now involved. A stand was taken, however, from the adjacent fire-resistive fruit terminal building. Further spread of the fire was stopped except for several minor roof fires set by flying brands and severe damage to a frame building 1400 feet distant which was ignited by flying brands. This fire illustrates the fallacy of storing large volumes of goods in inferior structures closely grouped and without sprinkler protection or automatic fire alarm. Had the fire doors been closed, the fire probably would have been confined to the section where it originated. The delayed discovery and the inadequate response to the telephone alarm were also significant factors in the spread of the fire.

April 2, Canton, Mass.
Plymouth Rubber Co.
Loss: $1,906,000.

This plant was engaged in the manufacture of rubberized fabrics. The building which was destroyed by the fire was a large three-story brick and timber structure. The fire started when friction sparks ignited vapors of gasoline used in rubber curing, and flashed back to the curing machine. Automatic sprinklers within the machine operated promptly but they were soon shut off by employes, who proceeded to fight the fire with first-aid appliances. After about twenty minutes the fumes from the carbon tetrachloride, which was used in the curing process to dilute the gasoline, as well as in fighting the fire, became so obnoxious that a call was put in to the fire department requesting gas masks only. The deputy chief who responded to the call summoned the fire department immediately upon his arrival but by the time it had arrived the fire was beyond control. Many principles of fire protection were violated at this plant. The gasoline used in the curing process was insufficiently diluted with carbon tetrachloride to render it non-flammable; the fire department should have been called promptly; the sprinklers should not have been shut off. At least twenty-three previous fires had occurred at this plant during the preceding twenty-seven years. The direct property loss from this fire was $656,000. The indirect losses have been set at $1,250,000.

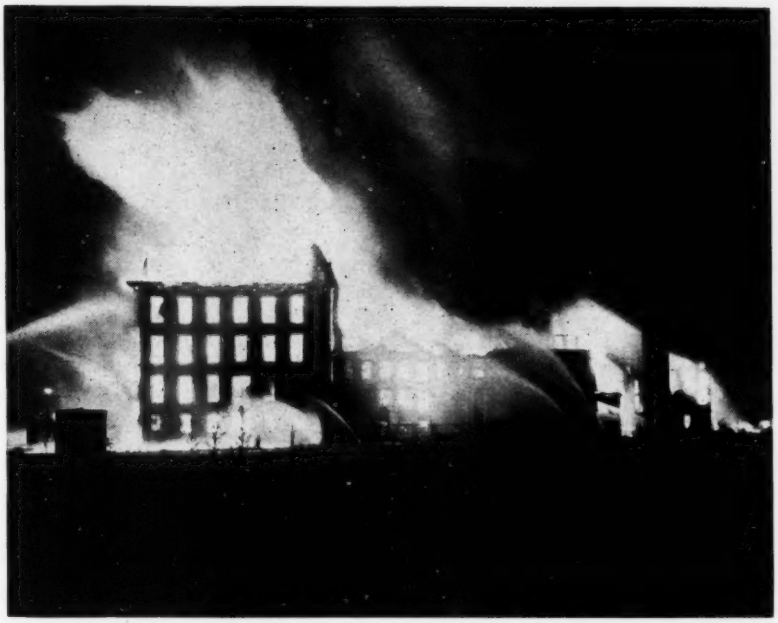

Photo by Acme Newspictures, Inc.

The $11,000,000 fire which swept the Firestone Rubber and Latex Company plant in Fall River, Massachusetts on October 11, was the costliest conflagration of the year.

August 18, Brooklyn, N. Y.
Waterfront Conflagration.
Loss: $1,340,000.

Fire, originating in a quantity of sisal, spread rapidly throughout Pier No. 27 and extended to the freighter Panuco and to barges in the slips on both sides of the pier. Finally the fire spread to Pier No. 26 across a 200-foot slip from Pier No. 27. Thirty-four men were killed by drowning or burning and about seventy suffered burns and other injuries. Pier No. 27 shed was one-story high of frame construction and was 725 feet long by 75 feet wide. The pier itself was of heavy wood construction on wood piles. The shed was equipped with standpipe and hose, water pails and extinguishers. Pier No. 26 shed is of corrugated iron on metal frame construction and is equipped with a good dry-pipe system of automatic sprinklers. Standpipe system and roof monitors are also provided on this pier. The fire started from an unknown cause in a pile of sisal on the pier, having been discharged from the S. S. Panuco. It spread rapidly throughout the pier and superstructure and hold of the ship. Upon the arrival of the fire department the fire had already reached the proportions of a five-alarm fire. Within twenty-five minutes of the first alarm practically the entire superstructure of the pier had collapsed. The Panuco and barges were almost immediately involved, and Pier No. 26 was soon included in the fire area. Within a short time the superstructure of Pier No. 27 was beyond saving, the Panuco had been beached, blazing from stem to stern, seventeen barges and their cargoes had been damaged and the fire department was hard put to keep the fire from spreading throughout the substructure and roof of Pier No. 26. Fireboats and tugs were finally successful in extinguishing the fire in Pier No. 27 and on the barges. The operation of fourteen sprinkler heads on Pier No. 26 aided the fire department in their efforts on this sector, but some difficulty was encountered in extinguishing the fire in the cornice and in the substructure of this pier which were not protected. The fire in the Panuco was decidedly stubborn and smouldered for days.

March 12, New Orleans, La.
Bienville Warehouse Corp.
Loss: $1,285,345.

The property destroyed by this fire was a large unsprinklered four-story brick-joist warehouse used principally for the storage of bulk foodstuffs such as sugar and flour. The warehouse occupied an area of 33,550 square feet which was not subdivided by fire walls. Vertical openings were frame enclosed. The fire started in a box car which was standing on an adjacent siding. Spontaneous ignition of the rubbish in the car or a carelessly discarded cigarette have been advanced as possible causes. The watchman of some nearby property discovered the fire in the box car and turned in an alarm. By the time the fire department arrived, however, the flames had already spread to the warehouse through plain glass windows in ordinary wooden frames. Two general alarms were immediately sounded, but there was little the fire department could do to save the structure. Less than an hour later the first wall collapsed, followed by the remaining walls shortly thereafter. Several buildings located across the street from the warehouse were damaged by fire and water. The night watchman of the warehouse was not aware of the fire until the fire department was arriving. He was expected to watch not only the warehouse where the fire occurred, but also another similar structure, connected to the first by an enclosed passage at the second floor level. Fire doors at this passageway prevented the fire from spreading to the second warehouse.

May 15, Philadelphia, Pa.
Wm. H. Lear Lumber Co.
Loss: $1,200,000.

This lumber yard occupied a triangular city block of more than four and a half acres. The yard was heavily stocked at the time of the fire, and lumber was piled to a height of thirty feet in some places. More than half of the stock was stored in buildings of frame or iron-clad construction. The fire was discovered during the night, and by the time the alarm was sounded the entire yard was involved. The fire department could do little more than protect the buildings surrounding the yard, many of which were considerably damaged. After the fire a kerosene lantern was found beside the remains of the elderly watchman. It is believed that he suffered a heart attack or shock, and in falling set fire to the building with his lantern.

May 27, Ellicott City, Md.
Doughnut Corp. of America.
Loss: $1,200,000.

This large plant manufactured doughnut-making machines and in addition stored large quantities of doughnut ingredients, such as flour, shortening, egg powder, etc. The plant consisted of a fire-resistive flour mill, fire-resistive grain elevator, and a fire-resistive boiler house and machine shop. A steel and frame machine shop and warehouses were located on the opposite side of a railroad spur trestle and at the end of this trestle was stored a large pile of crating lumber. It was in this lumber that the fire originated from an undetermined cause. Driven before a 30-m.p.h. wind, it spread rapidly along the wood railroad trestle and was communicated to the frame machine shop building despite the efforts of employes. The plant was located about one block outside the city limits, and when the volunteer fire department responded with two pumpers they refused to fight the fire until authority could be obtained from the chief. It took some fifteen minutes to contact him and get his approval. By this time the machine shop was completely involved and the fire had spread through the windows on the sixth and seventh floors of the mill building. These floors were used for the storage of shortening in drums. The heat caused these drums to burst and the grease and other ingredients were ignited, ultimately transmitting the heat to the lower floors. In the meantime, the Baltimore Fire Department had been called, but it took about an hour to negotiate arrangements by which they could leave the city. However, when they did arrive, they were able to knock the fire down with their heavy streams after three or four hours of work.

April 21, Marshfield, Mass.
Conflagration.
Loss: $1,100,000.

Some four hundred and fifty buildings, mostly summer dwellings, were destroyed in a conflagration which started as a small marsh grass fire. Weather conditions were unusually favorable for a fire. Very little rain had fallen for several weeks and low humidity had prevailed for a considerable period. Fanned by a 30-m.p.h. wind, the fire raced through waist-high grass faster than hose could be laid, and ignited several isolated structures. Embers from these buildings quickly ignited several wood shingle roofs in the congested section of the summer colony, and frame buildings having non-combustible roofs were soon involved through radiated heat. Water supply was reasonably adequate for normal expectancy, but there was lack of hydrants. The area finally burned was approximately 6000 feet long and 1000 feet wide.

April 20, Lakewood, N. J.
Conflagration.
Loss: $1,000,000.

This fire started in a woodland near Lakewood from an undetermined cause. The woods were tinder-dry following a long period during which no rain had fallen, and it is probable that a carelessly discarded cigarette set fire to the grass and brush. Before the fire was brought under control scores of summer homes, cottages and barns had been consumed. Many structures were engulfed by the brush fire, while others were ignited by flying embers which fell on wood shingle roofs. Estimates place the loss from this fire in the vicinity of $1,000,000.

August 18, Blasdell, N. Y.
Exolon Company, Inc.
Loss: $1,000,000.

This was an abrasives finishing plant, producing abrasive products vital to national defense. The buildings were mostly of frame construction, steel-clad, one to four stories in height. Floors and roof were of open joist construction and stairs and other floor openings were unprotected. The plant was equipped with a dry-pipe sprinkler system inadequately supplied from the small mains of the village water system. On the night of the fire the plant was in operation. A small fire was discovered in a hollow wooden partition between the first and second floors. It is believed that ignition was due to heat from an oil-fired roaster about four feet from the partition. The sprinklers soon operated and held the fire in check for about fifteen minutes, but they could not extinguish the flames in the hollow partition, and the continued heat opened several more sprinklers farther away. About this time the volunteer fire department took a stream from a private hydrant and later took suction from this hydrant, serving only to reduce the already weak supply to the sprinklers. Outside assistance which was called in also took suction from a private hydrant, further depleting the sprinkler supply. Finally, the Buffalo Fire Department was called and these pumpers, together with one from a local volunteer company, relayed water from large mains and by this means succeeded in saving the company office building and several other structures. The direct property loss has been estimated at about $575,000 and the use and occupancy loss at between $500,000 and $650,000. Difficulty was anticipated in replacing destroyed machinery.

September 2, Porta Costa, Calif.
Port Costa Warehouses.
Loss: $1,000,000.

Fire of undetermined origin swept through this 2000-foot wharf, destroying in addition, two warehouses, three small vessels, several railroad cars and a large quantity of wheat. The warehouses were used for storage of miscellaneous machinery, bulk grain, and also housed two fish rendering plants manufacturing fish meal and oil. The wharf and warehouses constituted one fire area. The wharf was not bulkheaded and there were no fire walls or other fire stops in the warehouse. When the fire was discovered by the watchman the flames had already burned the telephone wires and he had to go a quarter of a mile to a railroad roundhouse to telephone the alarm. A railroad fire train responded, but was unable to approach closely enough to be effective because the tracks were buckled by the heat and several freight cars were on the siding alongside the warehouses. There was no street leading to the plant and the fire department could not approach the plant with apparatus. Fireboats sent from San Francisco and the Mare Island Navy Yard were unable to make any significant impression on the fire. By the time they were able to travel the thirty miles to Port Costa, most of the wharf had been destroyed and they could not reach the shore side of the warehouses with their fire streams. They experienced some difficulty with floating wheat which repeatedly plugged their condensers and forced them to withdraw. One man, the cook on a barge, was drowned when he jumped overboard to escape the flames. The loss from this fire approximated $1,000,000.

September 30, Cleveland, O.
National Bronze & Aluminum Foundry.
Loss $1,000,000 or more.

Fire, attributed to spontaneous ignition of oily aluminum chips and turnings, destroyed the large unsprinklered foundry building of this plant which is engaged in vitally important defense production of rough aluminum castings. The plant was mostly single-story steel frame structure with corrugated steel siding. Roof construction was largely plank on steel frame. A one-story brick-joist office building adjoined the foundry, being cut off by a fire wall having unprotected openings. When the fire was noticed in a corner of the foundry, employes attempted unsuccessfully to extinguish it with two-soda-acid extinguishers. The fire spread rapidly through the oily aluminum scrap and the burlap bags in which it was stored, filling that part of the plant with dense black smoke. Employes were apparently unable to locate the manually operated central station fire alarm boxes with which the plant was equipped and an alarm was telephoned to the fire department. Before the arrival of the first two engine companies, the fire had spread to a large portion of the plank and timber roof. Upon the arrival of the first apparatus, a third alarm was immediately ordered, followed shortly by a fifth alarm, and still another call for apparatus was soon sounded. A 25-m.p.h. wind carried the fire across the plant, which was practically destroyed in an hour and a half. Property loss estimates have varied from $1,000,000 to $2,250,000, in addition to which there was a large use and occupancy loss.

February 25, St. John, N .B.
Military Buildings.
Loss: $824,255.

Fire believed due to faulty flues from heating stoves destroyed two frame

(Continued on page 19)

Insurance and Government

By PROF. RALPH H. BLANCHARD
SCHOOL OF BUSINESS, COLUMBIA UNIVERSITY*

INSURANCE is a business which, like banking, transportation, other public utilities, and many of the professions, has been singled out for strict governmental regulation. It is said to be "affected with a public interest".

The reasons for this special interest arise, as is usual where the government has assumed a large measure of control over otherwise private affairs, out of severely practical situations. Seldom have laws been enacted or regulations promulgated as a result of foresight; they have ordinarily had as their purpose the correction of abuses or inequities already in existence. Sometimes the remedy may have been worse than the disease, but that is not to say that the disease did not require a remedy.

The New York Standard Fire Insurance Policy originated in dissatisfaction with the difficulties of adjusting losses under the terms of the conflicting policies previously in use. The strict specifications for its format resulted from the practice of printing important provisions in small type, which were brought to the attention of the insured only to explain why his loss could not be paid. Anti-coinsurance and valued-policy laws are ill-advised attempts to strike back at insurers who were more interested in collecting premiums than in paying losses. Of late years there has been a tendency gradually to convert the liability contract from a document designed only to protect the insured and his insurer to one having in large measure the function of protecting the injured claimant, who had previously been in no sense a party in interest. Rate regulation is aimed at the abuse of rating methods as competitive weapons rather than their use as a means of measuring hazards.

But why have these practices, which surely have their counterparts in other businesses, led to so much greater a degree of control of insurance? There are a number of characteristics peculiar to the business of insurance which seem to me to have been responsible.

In the first place, the value of an insurance contract rests primarily on the ability of the insurer to meet its obligations in the future; at the time of purchase the contract is nothing more than a promise to do so. Indeed, in certain forms of insurance, such as liability, workmen's compensation, and disability, the obligation may far outrun the term of the contract. In the ordinary commercial transaction, the purchaser is relatively unconcerned with the continued existence of the seller, to say nothing of his continued ability to give service or to meet other obligations. But in making an insurance contract, the insured is acting on his confidence that the insurer will not only continue in existence but will remain able to give service and meet financial obligations, that it will be an active and solvent entity. The transaction is not completed until there no longer remains a chance that the insured may call on the insurer to fulfill its contract.

Further, the insured usually pays for these intangible values in advance, and the insurer must prepare itself financially to meet incurred losses even though payment may be deferred. Pending the termination of contracts and the payment of losses, it has large funds to invest.

Some insurance contracts are written primarily for the benefit of third parties, and others inure partly or incidentally to their benefit. These parties have no part in the making of the contracts and are in a position to enforce their rights only when they accrue. The sole purpose of requiring insurance under workmen's compensation laws is to make certain that employes will receive the benefits to which they are entitled, but the choice of the insurer and the making of the insurance contract is generally in the hands of the employer. Motorists are required to take insurance to guarantee their responsibility in case of accident to others, but the injured persons are not originally parties to the insurance contract. Their rights need protection.

Most insureds are not in a position to estimate the ability of an insurer to perform its obligations, and no insured can control its future ability to perform. Insurance is a highly technical business, and accurate judgments of the condition of insurers or of the fairness of their rates or contracts is matter for experts.

The making of premium rates is not controlled, as are the prices of commodities, by costs that have been largely incurred. The insurance rate is based on probable future costs, and there is a great temptation for rate makers to be over-optimistic when competition suggests a lower rate to secure business. Rate wars have on occasion brought insurers to the point of bankruptcy.

If there were no control of the business from without there would be many institutions which would operate soundly and fairly, but experience shows that many would not do so, to the cost of the insuring public and their beneficiaries. In Great Britain "freedom and publicity" was for long the official policy, but in recent years measures of stricter governmental control have been adopted. In this country, with its diverse commercial standards and its varying population, such a policy would be ruinous. Evidence of the changing point of view of the British government is found in the following statement of Mr. Harvie Meikle in his recent presidential address before the Insurance and Actuarial Society of Glasgow: "In the early days they [insurance companies] were regarded, more or less, as trading concerns whose particular interest and ultimate aim was the provision of dividends for shareholders whereas today we find them more in the position of large utility companies providing the public with certain social services which, but for their existence, would presumably require to be provided by the Government".

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IN the United States, governmental control has long been accepted as a necessary part of the insurance fabric: but there is no general agreement on the proper extent or manner of such control. On the proper objects of control, there is, however, substantial unanimity. These objects are three, solvency, fair practices, and competent service.

And the greatest of these is solvency. The ability of an insurer to meet its obligations depends on its financial condition; its financial condition depends on sound investments, accurate estimation of liabilities, and maintenance of adequate assets to cover liabilities and unforeseen contingencies. The laws of the principal insurance states have set high, even redundant, standards of solvency, and the state insurance departments have served the public well in enforcing those standards through systems of examinations, reports, regulations, and audits. Solvency of insurers is, and should be, the primary aim of governmental regulation. The setting up of security funds, the purpose of which is to pay claims to the extent of default by insolvent insur-

* First annual lecture on insurance at Fenn College, Cleveland, Ohio, January 19, 1942.

ers and which are accumulated by contributions from all insurers concerned, regardless of their financial condition, is a recognition of the importance of solvency and of the social service of insurance.

Second to solvency, but an important and growing activity of legislators and insurance commissioners, is the regulation of practices that they may be fair to the insuring public and, in some measure, between insurers. Regulation of the provisions of policy contracts, of the making and application of premium rates, of adjustment methods, of advertising, all come under this head. Even here the dominant consideration of solvency is not forgotten, for in certain cases insurers are required to charge "adequate" rates, that they may receive sufficient income to cover necessary disbursements.

The state insurance departments act as experts, police, and to a certain degree as courts on behalf of the public. The purpose of regulation of practices is to eliminate unsound, unfairly discriminatory, and dishonest methods, and to secure the highest possible *quality* of protection and service from the institution of insurance.

Competence, a relatively new object of regulation, is being actively sought in the field of agency and brokerage, and to some extent in adjusting and management. Basic standards of competence are set up in qualification laws which specify education and experience requirements and give state administrative officials considerable latitude in determining by examination and otherwise whether candidates for licenses measure up to the express and implied level. Licensing of agents and brokers has, until recently, been largely a matter of fees and forms. The new requirements, now enforced in several jurisdictions, are far from onerous, and the fact that so many applicants fail to meet them is ample evidence of the ease with which incompetents (and worse) have in the past become "insurance men".

The government might conceivably take either of two extreme attitudes toward insurance; it might leave private citizens free to work in this field with no more restraint than is found in the general criminal and civil laws applicable to all lines of business activity, or it might completely socialize the insurance function, assigning it to a governmental department. It has chosen to pursue a middle course, leaving (with some exceptions) to private enterprise the initiative in offering insurance facilities and in developing them, but hedging that initiative about with safeguards for the public.

If human beings are left free to seek their own selfish ends, an unfortunately large proportion of them will do so at the expense of the public. This is particularly true if they have at their disposal a means, like insurance, which feeds on ignorance and lends itself to the machinations of trickery because its practitioners are in a position to offer proposals beyond the powers of analysis of their clients. On the other hand, complete socialization would probably stifle the individual initiative which is so great a factor in the development of insurance and which looks to the rewards of private enterprise for its stimulus.

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IN recent years there has been observed an increasing demand for security and equity enforced by authority! I believe that this development will continue, with special emphasis on insurance. In meeting it I suggest that governmental regulation of insurance should be applied in accordance with the broad general principle of allowing the widest possible field for the exercise of private initiative, stimulated by reward, but subjected to restraint and guidance to make it conform to proper standards of security and equity. Left without interpretation, such a statement of principle is of little more value than other common oratorical platitudes. I propose, therefore, to break it down into certain less general, but still broad, suggestions which, it seems to me, might well serve as as basic principles to be observed in formulating a regulatory program. Although I shall put them categorically, I intend them to be taken only as suggestions and as a basis for discussion. And may I remark, parenthetically, that insurance interests, in setting up and operating their various boards and bureaus, might well ponder these suggestions, for they may apply to non-governmental as well as to governmental regulation.

Legislation should set up standards rather than attempt minutely to regulate insurance, and for two reasons. First, the ability and method of legislatures are much better suited to the determination of broad policies than to the discussion and adoption of detailed rules. An objective to be attained can be understood and intelligently debated by the widely differing individuals who make up a legislative body; it can be made the subject of compromise without destroying its essential character. Second, statute law, once enacted, is difficult to change, and broad policies retain their validity over longer periods than do the rules for applying them. Let the legislature specify ends to be achieved, but leave the formulae for achieving those ends to administrative action. For example, insurance carriers should be required to maintain assets to offset the present value of their expected losses, but the determination of values, both of assets and losses, should be left to administrative experts.

Wherever possible, without opening an inviting path to dishonesty or incompetence, and always subject to conformity to established general principles, insurance should be left free to develop new ways of serving the public. If an insurer desires to write a new line which has not been specifically authorized by law, it must, in most states, appeal to the legislature for an enabling amendment. Doubtless, the purpose of listing the kinds of insurance that carriers may write is to prevent unsound ventures or insurance which might otherwise be inimical to the public welfare. But there is just as much room for unsoundness within the confines of presently authorized lines as in novel fields, and the general public interest would be protected by forbidding the writing of insurance that is "contrary to public policy". However, care should be taken to forestall a situation such as arose in one of the leading insurance states, where the insurance commissioner was obliged under the law to license insurance carriers formed by persons whose purpose was obviously solely their own financial gain and whose methods had no connection with service to the public.

Regulation cannot completely defeat bad or dishonest management, but much can be done to protect the public from its effects. It is here that power and freedom to act are important to an insurance department. Legislation comes after the fact, but an insurance commissioner, well armed with information and authority, can act quickly and effectively. His most important weapon is information, both that acquired by routine reports and by special examinations. With adequate information, by the imposition of fines, by forbidding improper practices, by giving publicity to his findings, by the cancellation or refusal of licenses, and, in extreme cases, by taking over insurance carriers for liquidation or rehabilitation, he can accomplish results that would be unattainable if it

(Continued on page 22)

Big Fires of 1941

(Continued from page 16)

buildings which were in use by the local militia for offices and the storage of Quartermaster's supplies. One of the buildings was formerly an exhibition hall and was still being altered for use by the militia. The fire originated in a concealed space between floors and spread with great rapidity. A militiaman lost his life in a futile attempt to save his rifle. The fire alarm siren was sounded promptly but was not taken seriously by some of the occupants because it had been in frequent use for other purposes. The public fire alarm box was pulled at the same time. By the time the fire department arrived the fire was beyond control and the buildings were burned to the ground in an hour and a half. The large loss represents for the most part the high value of the Quartermaster's stores.

June 8, Jacksonville, Fla.
Clyde Mallory Line Terminal.
Loss: $788,000.

Fire of unknown origin completely destroyed two piers, including bulkheads and contents, and caused slight damage to the S. S. Seminole. The fire was not discovered until it had made considerable headway in the substructure. The fire department was greatly hampered by the inaccessibility of the fire. As in the case of many other pier and wharf fires, once fire was well under way in the inaccessible, combustible substructure, lacking automatic sprinkler protection, subdivision by fire walls, openings in the deck for fire fighting, or any other form of protection, a heavy loss was to be expected.

March 18, Montreal, P. Q.
A. Hollander & Son, Ltd.
Loss: $600,978.

Six persons lost their lives, about sixty others were injured, and nearly a half million dollars worth of furs were destroyed in an explosion and fire which severely damaged this fur-dyeing and dressing establishment. The property involved consisted of two adjoining and communicating brick and timber buildings, equipped with automatic sprinklers. The explosion occurred without warning on the second floor of one of the buildings where the cleaning and bleaching of furs was carried on. Sections of the walls of this and the adjoining building were blown out. It is reported that nearly 500 sprinklers operated and, despite the fact that the system was partly crippled by the blast, contributed materially toward controling the ensuing fire. The consensus is that the explosion was due to the ignition of vapors from gasoline used with sawdust in fur cleaning. Whether ignition took place from an electrical short circuit or by a back draft from the furnace is not definitely known. The furnace was fed dirty sawdust from a bin supplied through a chute connecting with the second floor. In view of the severe gasoline hazard, the lack of explosion-proof electrical equipment, and the absence of any protection against static electricity, it is not surprising that this explosion occurred.

March 12, Irvington, N. J.
Barnett Foundry & Machine Co.
Loss: $588,444.

Fire of unknown origin destroyed a single-story corrugated steel-clad frame building used for the storage of wooden patterns. The fire was detected in the early evening by an automatic fire alarm system under central station supervision. The fire department responded promptly, but, because of the highly flammable nature of the contents, the large undivided area involved, and the prevailing wind, they were unable to bring the fire under control until some three hours later. By the time the fire was extinguished the patterns, valued at nearly $570,000, were destroyed.

September 10, Chicago, Ill.
Universal Carloading & Distributing Co.
Loss: $550,000.

Fire of unknown origin swept through a block-square four-story freight warehouse in the downtown section of the city. The building had brick walls, laminated and joisted floors, no sprinklers, large unprotected elevator shafts, and was divided into three sections by fire walls with openings protected by double automatic fire doors. The fire originated on the first floor. By the time the fire department arrived the entire floor was involved and flames were leaping across a forty-five foot street against large fire-resistive office buildings. The fire department managed to keep the fire out of these buildings, although the window glass was cracked from heat up to the seventh floor. Because of the combustible nature of the contents and the draft conditions afforded by the unprotected vertical openings and open windows and doors, the fire spread rapidly throughout the building. The fire doors to the adjoining sections were ineffective, as they were blocked open by merchandise and in some cases by steel plates across the threshold. In addition to the loss to the building and contents, thirty-five truck trailers, many of them loaded, were reported burned at the loading platform. Loss to the contents, representing about 25 per cent of capacity, was estimated at $150,000. Building loss was estimated at $400,000.

May 18, Greenville, S. C.
J. C. Penney Co.
Loss: $500,000.

Fire of undetermined origin destroyed this three-story brick-joisted department store building and three other small mercantiles separated from the Penney property by a narrow alley. When the fire was discovered by police during the night it was well advanced. Despite the efforts of the fire department, the fire spread to nearby property through plain glass windows, and flying brands were responsible for the destruction of a wood shingle roof on a dwelling located three blocks away. One fireman was killed instantly, another died of injuries, and several were burned or otherwise injured when one of the walls of the department store fell. The loss has been estimated at between $500,000 and $600,000, of which about $200,000 was to the department store stock.

November 24, Seward, Alaska.
Conflagration.
Loss: $500,000.

Thirteen buildings were totally destroyed and five or six others in the business district were damaged by a fire which started in a barber shop. The barber reported that when he attempted to light his oil stove, oil which he had spilled on the floor was ignited. Some four hundred persons were made homeless as a result of this fire which swept through the frame buildings before a 30-m.p.h. wind. The barber shop fire was believed under control after the volunteer fire department had worked for about a half hour, but the wind whipped the flames into sudden fury and the entire building was again engulfed. Reports indicate that the water supply was inadequate and suction had to be taken from the bay. Soldiers called out to aid the firemen and townspeople formed bucket brigades and used dynamite in efforts to check the flames.

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OTHER large loss fires of 1941, as reported by the National Fire Protection Association, follow in order of amount of estimated loss:

November 22, Spartanburg, S. C. Haynes Bonded Warehouse. Loss $487,000.
September 23, East Gulf, W. Va. C. H. Mead Coal Co. Loss: $466,000.
March 27, St. John, N. B. Emerson & Fisher Bldg. Loss: $450,000.
July 24, Chicago, Ill. Elsdon Grain Elevator. Loss: $439,000.
May 13, Crosby, Miss. Crosby Lumber & Manufacturing Corp. Loss: $413,321.
May 21, Portage La Prairie, Man. Airplane Hangar. Loss: $400,000.
May 29, Lawrenceburg, Ind. Lawrenceburg Roller Mills Co. Loss: $350,000.
September 5, Memphis, Tenn. E. L. Bruce Company, Inc. Loss: $350,000.
December 14, Edgewater, N. J. Spencer Kellogg & Sons, Inc. Loss: $350,000.
August 29, Middletown, Conn. Group Fire. Loss: $306,481.
March 6, Portland, Ore. Burnett Automotive City Bldg. Loss: $300,000.
June 8, Wheeling, W. Va. Wheeling Machine Products Co. Loss: $300,000.
October 9, Chester, Pa. Penn Steel Castings Co. Loss: $300,000.
December 10, Monmouth, Ill. Western Stoneware Co. Loss: $300,000.
December 16, Sackville, N. B. Mount Allison University. Loss: $300,000.
May 17, Salisbury, Md. Geo. A. Bounds Co. Loss: $282,259.
January 26, Norfolk, Va. U. S. Naval Operating Base. Loss: $275,000.
December 7, Lawrence, Mass. Multiple Occupancy. Loss: $275,000.
July 24, Pembroke, Ont. Consolidated Paper Corp. Loss: $268,000.
October 26, Portland, Me. Southworth Machine Co. Loss: $267,462.
February 9, Butler, Pa. Koch-Schultis Building. Loss: $264,400.
January 10, Gibson City, Ill. Gibson City Canning Co. Loss: $250,000.
April 9, Altus, Okla. Traders Cotton Compress. Loss: $261,202.
January 31, Chicago, Ill. Silver Fleet Motor Express Co. Loss: $250,000.
February 12, Stamford, Texas. C. A. Douthit Warehouses. Loss: $250,000.
July 20, Marked Tree, Ark. Chapman & Dewey Lumber Co. Loss: $250,000.
November 13, Tucson, Ariz. F. W. Woolworth Co. Loss: $250,000.
November 17, Lansdale, Pa. Andale Engineering Co. Loss: $250,000.

Death takes J. T. Sharp, who recently retired as president of the Mill Owners Mutual Fire Insurance Company of Des Moines, Iowa, after fifty-six years of continuous service.

Mutual Veteran Dies

J. T. Sharp passes away on January 28, 1942

JAMES T. SHARP, dean of mutual insurance pioneers and for more than 50 years connected with the Mill Owners Mutual Fire Insurance Company of Des Moines, died on January 28th after a brief illness. He would have been 82 years of age in April.

Mr. Sharp was born in a log cabin in the small Canadian village of L'original, April 8, 1860. He was four years old when his parents moved to Mokena, Illinois, where his father was head miller in the Betz Mill. After fire and a flood wiped out his mills at Solon and Iowa City, Iowa, the father, with others, organized the present Mill Owners Mutual. This company which now writes all types of fire and allied lines of insurance was founded in 1875 as the first flour mill mutual in the United States.

On February 1, 1884, James T. Sharp, then 24 years old, was drafted into the Mill Owners Mutual Company as a combination office boy, bookkeeper, field man and inspector because his father was being overwhelmed with work in the management of the firm. The son had been operating his father's mill at Wilton since he was 17 years old. While working in the mill, however, he had toiled over the company's books in the evening to help his father.

After joining the insurance firm he acted as general assistant to his father for 8 years and in 1892 was elected to the office of assistant secretary. He continued in that capacity until 1909 when, following the death of his father, he was elected secretary and manager, in which position he served until 1928. In that year he was elected to the presidency in which office he served continuously until his retirement in 1940.

Mr. Sharp, because of his wide knowledge of the business and exceptional executive capacity, became well known throughout the United States and his advice and counsel was much sought at various meetings and conventions which he consistently attended for scores of years.

He was a unique combination of the "gentleman of the old school" who yet had a forward-looking interest in new developments in the social and economic world. His genial personality and keen practical business sense made him universally liked and respected.

His two sons, Leonard K. Sharp and James T. Sharp, Jr., are affiliated with the Mill Owners Mutual, Leonard being secretary and James special agent in Iowa.

In addition, he is survived by his wife; two brothers, Dr. W. A. Sharp, Des Moines dentist, and George F. Sharp, Los Angeles, Calif.; three sisters, Mrs. J. K. Ellwell, Mrs. M. L. Dudley and Mrs. J. C. Mann, all of Des Moines, and four grandchildren.

"Youth and the Future"

ACCENTING THE INTEREST OF THE ENTIRE NATION IN ITS YOUTH—OCcasioned by the increased knowledge of physical deficiencies, near illiteracy, and lack of skill which became apparent through the examinations under the Selective Service System in the recruitment of youth for industry's expanding needs — is the publication of the general report of the American Youth Commission of the American Council on Education under the title "Youth and the Future".

The report carries the authority of knowledge derived from six years of intensive study of the problems of American youth, carried on under the direction of a commission composed of fifteen men and women who are leaders in education, business, government and social work. The facts about the 22,000,000 youths of the nation, amassed and analyzed by the commission, are set out in this volume; but the report, as its title suggests, presents also a program for the future. Desirable organization and functioning of governmental services at the national, state, and local levels are outlined. Action programs are laid out in which the homes, the schools, the church and all of the privately supported youth serving agencies must participate.

While some readers may be disposed to quarrel with the conclusions reached on the basis of interpretations of comparative statistics, yet the book does constitute an interesting review of recent work that has been done in relation to the problems of the young people of America.

The book is published by the American Council on Education, 744 Jackson Place, Washington, D. C., and sells for $2.50.

Liquefied Petroleum Gas Systems for Domestic Use

By WILLIAM H. RODDA

UNTIL recently the luxury of gas stoves was available only to those people living in a town large enough to support a public gas supply. A few years ago, however, it was discovered that certain of the petroleum gases could be liquefied by moderate pressure and still they return to a gaseous form readily enough to be an efficient fuel for household cooking. This proved to be a step forward in both convenience and safety as compared to the kerosene and gasoline stoves which were rapidly supplanting the old-fashioned coal and wood stoves for cooking. While the new liquefied petroleum gas devices are fundamentally as safe or perhaps safer than many of the older forms of cooking fuel, liquefied petroleum does introduce new fire hazards into the home. It is necessary, therefore, for the user to understand the nature of these gases and the necessary precautions in order to prevent accident and fire. This discussion concerns itself entirely with the domestic use of liquefied petroleum gases and does not consider their various industrial uses.

The gases used are principally compounds of the various forms of butane and propane. These gases are first cousins to gasoline and are secured from petroleum oil wells or natural gas wells. An important difference from gasoline is that butane is a liquid at temperatures below 30° F. and propane is a liquid at temperatures below minus 44° F. In the gaseous form propane and butane have similar properties to gasoline vapor. It must always be kept in mind that they are heavier than air and any escaping gas tends to settle in low places where it may be ignited if not dissipated by adequate ventilation. This is an important difference from city gas which is lighter than air and will dissipate itself.

Another principal difference from city gas is that storage is in liquid form. For domestic use this storage must be outside of the building and care should be taken that none of the liquid gets inside of the house, either in the pipes or otherwise. Propane and butane themselves are practically odorless and are similar to natural gas in this respect, and these gases should be mixed with an odorizer so that leaks can be easily detected.

From the standpoint of the fire insurance company the installation of a properly built liquefied petroleum gas system does not introduce a dangerous fire hazard into a residence. Most underwriters feel that within the house the hazard is about equal to city gas. The hazard of the storage tank can be safeguarded by having it outside the building, at least ten feet from any opening into the building such as a door or window. There is a difference of opinion among underwriters as to whether a charge should be made in the fire rate for the presence of such a system. In the writer's opinion the hazard is less than that of the ordinary gasoline stove and perhaps equivalent to a kerosene or wood stove. There is a slight additional hazard over that of city gas because these gases are heavier than air and because there is a possibility of the liquid being introduced into the system. With proper precaution this danger is not great.

As can be seen from the general description given, there are certain definite precautions which should be taken to keep under control the special fire hazards of these liquefied petroleum gases. Most important is the proper installation of the system. All devices and equipment should be approved by a recognized testing authority or laboratory, and the installation should be made by people thoroughly familiar with the hazards and the standard regulations. The National Fire Protection Association regulations are considered standard and should be followed. Some of the more important requirements are briefly discussed here. A most important requirement is to see that systems are used in which only the gas goes inside the building. These are definitely less hazardous than systems where the liquid goes inside and is converted to a gas inside the building. There are a few systems in use where the liquid is introduced into the building with a carburetor immediately inside the building wall. While the liquid is supposed to be converted to a gas at that point and, therefore, does not go more than a few inches into the building, it is preferable to use systems in which the liquid does not even pass through the building wall. The containers for the liquid, of course, should be outside of the building. In the case of a domestic system it is permissible to have them adjoining the building, but they should be at some distance, preferably at least ten feet from any opening, such as a window or door. There are times during the filling operation when gas might get loose and it could be hazardous if openings were nearby so that gas could enter the building.

It is an obvious precaution but one sometimes ignored that grass and weeds and trash should be kept cleared away from the liquid containers outside of the building. If a brush or a trash fire should heat the cylinder it would cause the gas to be given off through the safety relief devices. If the gas became ignited there would be an intense flame immediately adjoining the building.

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IT is important that the consumer purchase only the gas for which his system is designed. He must never change from one gas to another without having his system carefully adjusted. The description of the gases most commonly used, propane and butane, shows the great difference between the two. One becomes a gas at about 30° above zero F. and the other becomes a gas at 44° below zero. Various mixtures of these two gases are used so that the particular liquid in use in any system might change from a liquid to a gas at any point between 44° below zero and 30° above zero. Normally the mixtures are adapted to the section of the country in which the gas is sold, with the more volatile gases being used in the northern part of the country and the less volatile gases being used in the southern and warmer parts of the country. Very serious trouble might be caused by using a gas not intended for a particular system.

With any gas system there is always the possibility of leaks. Consumers in the cities are rather accustomed to calling for the gas man when they smell a leak. With these liquefied petroleum gas systems, which are located in the country, there is much more likelihood of the consumer attempting to fix a gas leak by himself. In spite of the obvious danger there are instances every year of people looking for gas leaks with matches or other open flames such as candles or kerosene lamps. It is necessary, therefore, to caution every

user against such a practice. It is particularly dangerous with the liquefied petroleum gases because any leak can easily result in the gases collecting in a pocket such as a cellar or a low place in the floor or building. These gases would then be ignited and an explosion result if any open flame came in contact with them. Examination of piping for a leak is normally done with soap suds, which will show up a leak. The best thing for the consumer to do is to call a service man, at the same time shutting off the system at the tank. It is much better to put up with a few hours or even a few days inconvenience than to take any chance of an explosion or fire in the house. If the liquefied petroleum gases were used without any odorizing substance, it would be extremely difficult to notice the leak because the gases themselves are practically odorless. Therefore, before any system is installed the purchaser should make sure that the gas designed for that system is provided with an odorizer. Most of the odorizers in use smell either like city gas or like a skunk. Either one would be fairly effective in warning the occupants of the house that there is a gas leak.

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THE filling operation presents one other important possible hazard. Filling should be done by daylight only so that there is no necessity of using light which might ignite escaping gas. Normally the domestic system is refilled by disconnecting the empty tank and placing a new tank there. In such cases there is not much danger of accidents in connection with the filling operation. There are systems, however, where tanks on the premises of the consumer are filled from a tank truck. In such cases if the filling operator is not careful he may overflow the tank with the possibility of introducing liquid into the system within the house. In one such case where this accident occurred the operator then proceeded to drain the liquid from the piping within the house. In draining the liquid a considerable quantity of gas escaped and became ignited, resulting in severe damage to the building. If liquid is introduced into the system within the house and it becomes necessary to drain it, all doors and windows should be open to provide thorough ventilation and all flames of any kind within the house should be extinguished.

As soon as a container is empty the valve to the container should be cut off. There might still be some pressure left in the tank sufficient to cause escape of gas to the atmosphere or to the interior of a building if the valve at the tank is not shut. When a consumer is going to be away from his premises for a considerable time, a matter of days or weeks, it would be wise for him to cut off the gas at the tank outside the building so that there will be no pressure on the system within the house during that time.

For anyone who intends to use liquefied petroleum gases at home or who will have some contact with them in premises which he inspects, there are two publications which will be of considerable help to him. One is the National Fire Protection Association's "Regulations for Liquefied Petroleum Gases". This is the standard for all installations and gives a great deal of detailed information concerning the method in which these systems should be installed. It also outlines detailed precautions that should be taken in connection with the use of these devices. The other publication which will be of benefit is U. S. Department of Agriculture, Leaflet No. 191 entitled, "Liquefied Gas for the Household". This is a general description of gas of this type giving comparative costs, relative safety and other interesting information.

Do's and Don't's for Liquefied Petroleum Gas Systems

DO

1. Have the installation made by a contractor experienced with these systems.
2. Ventilate the house thoroughly if a leak occurs.
3. Use a gas that can be smelled easily.
4. Remember that the gas is heavier than air and will remain in low places for a long time unless driven out by a strong draft.
5. Have storage tanks placed away from building openings so any escaping gas cannot enter the building.

DON'T

1. Don't look for a leak with a match, candle or other open light.
2. Don't try to repair a leak yourself — call an experienced repair man.
3. Don't refill the storage tank after dark.
4. Don't change the brand of gas without having the system adjusted.
5. Don't open tank valves and allow vapor or liquid to escape to the air.
6. Don't allow weeds and grass to grow or trash to collect around the supply tanks.

Insurance and Education

(Continued from page 18)

were necessary to await the movement of the legislature or of the courts. Even if he has little authority to take emergency action, he is, with knowledge of the facts, in a position to exercise considerable moral pressure.

Nor is the value of complete and accurate information confined to specific cases of improper practice or of dangerous financial condition; it is the foundation of all well-considered and efficient regulation. I should place the power to secure it, and the judicious exercise of that power, in the first rank of requirements for successful regulation.

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WHILE in many cases it may be desirable to make laws mandatory, to direct an insurance commissioner to act, it is often better to give him the option of acting. At times a situation can be corrected with greater effectiveness by implied or express threat of action than by inflexible and literal application of statutory rules. What provision is to be made in a particular law is a matter of judgment, but it is always important to consider whether more can be accomplished by giving the commissioner an instrument adaptable to circumstances than by handing him a rigid rule to be applied without the tempering use of his individual knowledge and wisdom.

If it is desirable to provide for flexibility in the terms of statutes, it is even more desirable for the department itself to adopt a flexible attitude. Institutions (and insurance departments and state legislatures have some of their characteristics) tend to develop traditions and to become unduly enamored of them. When they are abetted by the abhorrence of change which possesses many insurance executives, progress is pretty effectively blocked. Fortunately there are a number of departments, and not the least influential, where progress is welcomed and even supported, without, however, urging change for its own sake. Regulation should encourage improvements in the interest of the public and should not wait for them to be forced upon its attention nor use the familiar answer to proposals that there is "no demand". It should be recognized that the remedy of yesterday may become a barrier to progress tomorrow, that measures which

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Placement as a Safety Factor

(Continued from page 12)

appliances and clothing, and approved safety housekeeping. Probably all that can be done is to utilize all the knowledge that has been gained in these fields in the past, and to apply it to the fullest extent possible under today's unusual conditions.

Many of the additional hazards which safety engineers either list or imply relate to the personal or psychological element in accidents. They are included in such statements as "greater pressure on employes", "overcrowding", "physically and mentally inferior types of workers", "greater fatigue", "supervising force too small", "new workers not given job training properly", "many inexperienced and comparatively unskilled employes", and "safety programs have become lax".

One seldom mentioned is the feeling of recklessness growing out of war or of being engaged in war effort, which has been held to be a factor in the recent increase in automobile accidents; there seems the possibility that many individuals, particularly inexperienced workers of the emotional type, may feel that it is patriotic to take chances for the sake of slight acceleration of their personal production, upon the ego-inflating theory that they are exposing themselves to danger to help the war effort just as are the men in the armed forces. It goes without saying that the production lost through accidents growing out of this type of foolhardiness will outweigh by many man-days the slight savings of time made by neglecting tested principles of safe machine operation.

Running through every attempt to forecast the industrial accident experience during the war period is the feeling that the workers who come into war industry, and especially those without previous extended mechanical experience, will fall far short of measuring up to the men whose places they will be taking. This feeling persists even though it is realized that a great many of the jobs involved in line production are comparatively simple operations which their previous holders learned during short training periods, that workers such as women without previous mechanical experience have proved to be extremely efficient, and that new workers may very well be of higher physical and mental type than would be attracted to the performance of tasks of this sort during times when other fields offer greater opportunity.

When the great problem of fitting possibly millions of workers into a war production machine which hardly existed a year or two ago is looked at in this light it becomes apparent that a rather large share of the responsibility for industrial safety in the months to come must be borne by the personnel departments of war industries. The personnel man's job becomes not so much one of sorting over the available workers and hiring those who come up to high standards, for under present conditions the percentage of those who can meet the requirements which would be enforced in peace time may be very small. It becomes one of placing each available worker in the job where his abilities can be employed to best advantage, and it seems reasonable to believe that one of the important points to be considered in this task of placement is the necessity for placing the worker in the job where he can be expected to work most safely.

One of the most valuable tools which personnel departments may be expected to use in this work, unless the pressure to get employes into production becomes so great that no information will be sought from the applicant except his name and address, is the pre-employment test. Batteries of tests of this sort which give a fairly accurate forecast of how well a worker will turn out on the job have been developed in recent years by a number of researchers, and they are being used much more widely today by the public employment agencies and the larger industrial organizations than is generally realized. Although not a great deal of effort has been expended in attempting to correlate the worker's test ratings with his accident record, there have been definite indications that proper testing will point out in a surprising number of instances the employes who will develop into efficient producers, and who will learn to cooperate harmoniously enough with their fellow workers to meet the demands of modern mass production.

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IT is apparently by no means certain, to judge from the beliefs of students of testing techniques with whom the writer has talked, that the worker who is assigned to a particular job on the basis of the abilities revealed in his pre-employment tests will fail to come up to every requirement, and that his record of freedom from accidents will not be on a par with that of the more experienced worker he may be replacing.

The tests which have been developed especially for employment and personnel uses, and which thus relate to the control of industrial accidents, have been classified by one authority into the following test groups: intelligence or mental alertness, mechanical, trade, clinical, personality, and interest. As related especially to accident control some of such tests are being used for the following purposes:

1. Placement of new workers in the jobs for which they seem best fitted. Many such tests are being used by the United States Employment Service, which seven years ago began special studies of jobs and workers and the development of new testing techniques.

2. Placement of skilled workers who must be shifted — typically from a non-defense to a defense occupation — in the new jobs most closely related to their former work and to their special aptitudes and skills. To aid such procedure the United States Employment Service is also doing pioneer research in working out classifications of "job families".

3. Follow-up of high-accident workers to test their accident proneness, and possibly for shifting them to other more suitable work. Such a program usually requires the keeping of detailed plant records of "minor" and "work failure" accidents, since it is estimated that such minor accidents occur 300 times as often as lost-time accidents.

4. Follow-up of "problem employes" to aid them in making better adjustments to their jobs; like follow-up for the upgrading of good workers to more skilled occupations, and to supervisory jobs.

5. To aid in the development of improved plant safety morale, through the use of various tests and other psychological approaches.

The original and most extensive present use for such tests in industry is for the placement of new employes. Some are of the oral variety, the examiner being supplied with a list of questions and a validated schedule for grading the answers. In other tests the applicant will use a pencil and paper for written or graphic answers. The test may include a collection of pictures or drawings of tools, machines, materials, and work products, and the candidate is asked to properly identify each, or relate it to some other item. Other tests are planned to rate the natural aptitudes of the applicant, through his ability to figure out and accomplish the mechanical assembly of parts or units, or his ability to handle tools or mechanical apparatus.

As a general comment on the relationship of such tests to the accident proneness of a worker, the National Safety Council in its pamphlet on

"Teaching Safety to New Employes" says: "In some companies the prospective employe is given an aptitude or trade test to assist in placing him in the job for which he is best suited. These tests are designed not only for proper placement, but also to prevent men from being placed in jobs for which they do not have the qualifications to work safely."

The first large-scale use in the United States of phychological tests was by the United States Army during World War I, to aid in the classification and training of Army personnel. There was developed in 1917 the famous "Army Alpha" test, now described as "the father of all group tests". It included the establishment of "norms" — that is, selection standards for the different groups of workers of the Army, and eight different occupational sub-tests. It was given a great deal of publicity during its use in the Army, and later was also much used in educational institutions and industry. A number of revisions of it are being used today.

The original Army Alpha test stimulated the development of many other tests for use in schools and colleges and industry. In fact, the use of so-called "psychological tests" of all kinds gradually grew into a sort of national fad. This invited extravagant claims for tests and resulted in many commercialized testing gadgets and superficial testing methods, promoted by all kinds of "psychological" pretenders. This era of extravagances and pretenses in tests naturally did much to discredit the entire system of employment testing and created a great deal of prejudice against tests, much of which still exists today.

Present-day specialists in this field explain that one of the chief reasons for this prejudice is because the so-called tests released during the past two decades were not well worked out or well validated before their release. Many of the well-known standardized and validated tests were used by persons not qualified to handle and interpret them. During this period there were only a few trained industrial psychologists. In recent years many of the larger universities and technical schools have given attention to the development of scientifically equipped laboratories and study courses for the training of specialists in the various branches of psychology that apply especially to business and industry. Many of these education centers also are making basic experiments in the new art of applied psychology, since many of the specialists in this field are willing frankly to express the opinion that the principles of psychology have not yet been well enough defined to be called a science.

One of the most important national developments in the use of tests to aid in the placement of industrial workers has been the program of the United States Employment Service. The U. S. Employment Service was first established in January, 1918, when the national labor market was in a chaotic condition. Some of the states had had employment services since 1890, and these were coordinated with the new national service. During 1918 and 1919 the Employment Service placed some five million workers. But with the ending of the World War in 1919, this nationally integrated labor placement service quickly lapsed.

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IN June, 1933, President Roosevelt signed the Wagner-Peyser Act, which has stimulated the development of the Federally-aided state units of the present United States Employment Service, and through which has been cleared all employment on the various projects of the federal relief agencies, the Veterans' employment relief, and industrial unemployment relief. The United States Employment Service has steadily expanded from activities in only 23 of the larger cities, to employment aid in every county and in all important cities of the United States. By 1937, 51 states and territories had subscribed to the Wagner-Peyser Act.

About seven years ago the Occupational Analysis Section of the United States Employment Service began making studies of jobs and workers, developing new techniques for the placement of workers and assembling information for the later publication of their "Dictionary of Occupational Titles". This was the situation at the beginning of the present war emergency, which brought the necessity of the rapid expansion of the job analysis program of the Service, in the direction of special personnel service for the Army, the Navy, the Local Draft Boards, and the new defense industries.

By April, 1940, analyses already had been made for 55,000 different jobs in private industry. To supplement these analyses, crews of job analysts were placed in different Army posts to complete additional job descriptions. A part of this program was the working out of special codes to show the degree of relationship, by families of jobs, of 272 major Army specialist jobs to jobs in industry. This was done to aid in the transfer of workers in industry to somewhat related jobs in the Army; and vice versa from the Army to industry (after the war). All new lists of trade questions, based on information collected in industry, are first released to the Army interviewers, to aid these interviewers in the proper occupational classification of draftees. But such lists of questions are not released to industry until after they have been "verified and standardized". In selecting the additional occupations for which trade questions were to be developed, the objective was to choose those which were important both to the armed forces and for the placement of defense workers in private industry. The early list of these occupations of assumed dual importance included automobile mechanic, automobile truck body builder, blue printer, boat builder, cabinet maker, cable splicer, camera repairman, draftsman, electrician, forging machine operator, generator and switchboard tender, heat treater, instrument maker, lineman, machine woodworker, metal plater, millwright, motion picture projectionist, pattern maker, photographer, screw machine operator, sheet metal worker, sign painter, surveyor, truck driver, turret-lathe operator and welder.

The employment testing program is being applied a little differently in the United States Navy. As the first stage in the program, Navy reserve officers were assigned in pairs to the Occupational Analysis Section to study all material and methods and receive instructions in their use. For such trade tests as the Navy officers selected for mechanical and clerical types of work, arrangements were made to supply the Navy with aptitude test materials and measures. During this original stage (about a year ago) information was prepared for 18 different occupations, for selecting and training Navy personnel; and also a general battery of mechanical aptitude tests were being prepared. Some of the new occupations for which the Navy wished tests were torpedo-man, aviation mechanic, radioman, shipfitter, and signalman.

The employment testing program was planned also for special aid to local draft boards. The boards are supplied with copies of the new Dictionary of Occupational Titles. Special instructions are prepared to aid in the use of the Dictionary, and it is the business of the local employment offices to provide the boards in their respective territories with all desired pertinent occupational data.

THE necessity of the hurry-up expansion of our war industries, and the pressing national labor problems which thereby have developed, have helped to make of vast importance the placement work of the hundreds of local United States Employment Service offices of the country. Each state originally set up its own offices. But soon after the Pearl Harbor incident, the Federal Government took over and centralized the management of all state offices. One of the chief purposes was to make possible the systematic shifting of needed labor. One of the expected results will be to halt the haphazard pirating of labor by industrial plants, and the enticing of needed labor from one section of the country to another.

One of the original chief purposes for the employment offices was to make them centers for the registration of all out-of-employment persons eligible to work, and especially those seeking public relief. These registrants thus can be aided in getting jobs, removing them from the public relief rolls. Such registrations have been accumulating all through the depression years, and they soon will be vastly increased by workers seeking temporary unemployment benefits during the period of the change-overs in hundreds of industrial plants from non-defense to defense operations. Many of these workers will be highly skilled.

This situation offers a wide field for the use of the "job family" classifications made during the past six years by the United States Employment Service. "Job families" are groupings of different jobs which call for somewhat related skills and aptitudes. This aids in the transfer of a worker with skill in one occupation to another somewhat similar occupation. As one example, special studies have been made to match the skills and jobs in automobile manufacturing with those in airplane making. Any kind of welder will have a good start in a number of other occupations which require some metal heating or welding. Other like basic activities include woodworking, sewing or joining, precision measurements, interpretations of blueprints, finishing, testing, etc.

Another basis for building up a job family is the use of the same or similar tools or machines; or the need of close precision work; or the kind of material worked with, such as wood or glass. Another basis is worker physical characteristics, such as acuity of vision, strong fingers or hands, a good back for lifting, good legs for standing or walking. The analysts of the United States Employment Service have defined about thirty different basic worker characteristics generally needed in industrial occupations. The examiner will keep in mind these various characteristics when an applicant is being interviewed or tested, to aid in his classification and rating.

The United States Employment Service has been at work for several years in assembling and developing different oral, written, and mechanical or manipulative tests. Some of these tests are being used in many different Service offices. These tests usually are grouped in "batteries", with the plan to rate at the same time a number of different worker characteristics. Some of these batteries have gained the reputation of having proved especially valuable in placement work, and the chief criticism that the writer has heard of the United States Employment Service is that some of the individual offices are too busy today to make as much use of such tests as some individual companies desire, to supplement the regular interviews of the Service examiners. The Service has developed and still is developing a wide variety of employment tests. These include basic oral or written question tests and the use of testing equipment; and special tests often are assembled and new tests developed to aid in the selection of specialized groups of employes needed by individual companies.

Another criticism heard about the Employment Service is that such specialized groups of tests, after they have been developed, will not be released by the Service for use by individual companies, who might be willing to give more attention to their administration than the Service has facilities to give during the present rush period in their work. The reply to this criticism by some of the local Service officials is that in general their batteries of tests have not yet been "validated" to the point where they can fairly be given out for such use; and that the successful use of such tests depends on many different factors of handling and interpretation which some users might not observe, and which then would tend to discredit these tests. Also, there have been instances of the attempted commercialization of some of their tests.

• • •

MANY individual companies today are using many kinds of physiological and psychological tests to aid in selecting and rating new workers. Some of these tests are well-known standardized ones. Others are "company made" — that is, developed for and validated through their own company experiences, and adapted to their special operations. Such plant adaptation of a test often makes it seem more realistic and practical to the applicants who take it; and also to the skilled workers in the plant on whom all such tests must be validated before their practical worth has been demonstrated.

It seems to be the trend with most companies using tests for the placement of new workers likewise to use tests for the follow-up of these workers, and to test older workers. This means an increasing trend in the use of tests to aid in advancing deserving workers to more skilled jobs. Tests also are used as "refresher" training for the older workers, to aid in checking slothful and accident-prone habits and in general to increase departmental skills and output. And they are used to aid in selecting workers capable of handling foremanship or other administrative duties, an ever pressing need in a rapidly expanding plant. There is increasing use also of so-called "personality" tests, to aid in the better placement of the "problem" worker who very often is also an "accident-prone" worker.

It seems unfortunate that, as yet, tests are seldom validated in industrial plants in relationship to work accidents. Their usual validation is on the basis of volume or units of work completed, percentage of breakage, quality of finish, and the like, and is not correlated directly with work accidents. However, all users of industrial tests, in departments where accidents can be a factor, know that such possible accidents usually are closely related to all kinds of work failure. An accident usually is also a work failure; and the worker who is chargeable with numerous work failures usually will eventually have minor and serious accidents.

Hence it seems certain that there will be an increasing use of tests in many industrial plants, to aid in locating and treating the high-accident workers of the plant. In fact, some experience already has been accumulated in the use of such psychological methods for the control of accidents in industrial plants. This has been through giving aid to individual accident-prone workers, and toward helping to create and maintain in the plant an improved safety atmosphere.

Those long interested in the development of personnel testing for

(Continued on page 27)

C. P. C. U. PROFESSIONAL DESIGNATION TO BE AWARDED BY NEW INSTITUTE

First Examinations to be Held in June, 1943

EARLY in 1941, the Committee on Professional Standards in Property and Casualty Insurance of the American Association of University Teachers of Insurance extended an invitation to the leading organizations in property and casualty insurance to consider the advisability of adopting a professional program of education comparable to the C. L. U. movement in life insurance. Accordingly, the executive heads of the National Board of Fire Underwriters, the American Mutual Alliance, the Association of Casualty and Surety Executives, the National Association of Insurance Agents, the National Association of Mutual Insurance Agents, and the National Association of Insurance Brokers were invited to meet with the Committee in New York City, on May 16, 1941. The response to the invitation was most favorable, and each of the aforementioned organizations was represented by three or four duly appointed delegates.

The group which met on May 16, 1941, unanimously approved in principle the idea of creating a professional plan of education in property and casualty insurance comparable to the American College of Life Underwriters in life insurance. An Advisory Committee, consisting of Philip L. Baldwin (executive secretary of the National Association of Mutual Insurance Agents), John M. Breen (chairman, Educational Committee, Lumbermens Mutual Casualty Company, National Retailers Mutual Insurance Company and Federal Mutual Fire Insurance Company), A. V. Gruhn (general manager of the American Mutual Alliance), William Leslie (general manager of the National Bureau of Casualty and Surety Underwriters), whose place was later taken by J. Dewey Dorsett (manager, Casualty Department, Association of Casualty and Surety Executives), John A. North (vice-president of the Phoenix Insurance Company), George W. Scott (director, Educational Division, National Association of Insurance Agents), and S. S. Huebner, chairman, was appointed to explore the situation, with the aid of various sub-committees, with a view to the making of a detailed report to the same large group which met on May 16. This was done, and announcement is now made that the whole plan has been definitely approved by the original group, and that the American Institute for Property and Liability Underwriters, Inc. is now in process of legal establishment, as a non-profit-making corporation. The corporation is being incorporated in the Commonwealth of Pennsylvania, with its Home Office in Philadelphia. Mr. Robert Dechert, of the firm of Dechert, Smith and Clark, has been appointed Legal Counsel for the Institute, and is now proceeding with the work of incorporation. After canvassing the situation, it was decided that the first examinations should be held in June, 1943, at the same time that the C.L.U. examinations are held, at the same examination centers throughout the country in so far as possible, and on a basis of standards similar to those prevailing in the Chartered Life Underwriter movement.

(1) The purposes of the Institute, briefly stated, are:

(a) To establish educational standards and administer them so that properly qualified property and casualty underwriters shall be recognized with a professional designation.

(b) To encourage and foster the training of students in educational institutions and under competent instructors in qualified groups outside educational institutions for the career of professional property and casualty underwriters.

(c) To cooperate with educational institutions in general property and casualty insurance education.

(2) After meeting the standards of eligibility, and upon completion of the prescribed examinations, the Institute will award to successful candidates the professional designation of Chartered Property Casualty Underwriter (C.P. C.U.). The curriculum for each of the five required examinations, as well as all of the standards of eligibility, have been definitely approved. Public announcement of the curriculum and eligibility requirements will be made in the course of a few weeks.

(3) To assure operations of the Institute for the first two years, definite commitments have been made to raise $50,000. This sum will be contributed by the property and casualty companies, both stock and mutual, on the basis of premium volume, while the agency and brokerage organizations have agreed to contribute on a voluntary basis.

(4) The government of the Institute is vested in a Board of Trustees of 23

DR. S. S. HUEBNER

members, consisting of the following: 5 educators; 6 stock company representatives (3 from the fire companies and 3 from the casualty companies); 6 mutual company representatives (3 from the fire companies and 3 from the casualty companies; and 6 producers (2 stock company agents, 2 mutual company agents, and 2 brokers). Public announcement of the membership of the Board of Trustees will be made just as soon as all of the appointments have been made and accepted.

The officers of the Institute will be a President and Vice President, selected from the Board of Trustees; a Dean, who upon appointment will be a member of the Board of Trustees; a Secretary, selected from the Board of Trustees; and a Treasurer and Counsel, who upon appointment will become ex officio members of the Board of Trustees.

(5) The members of the several committees who perfected all of the arrangements, involved in the plan, are as follows:

Advisory Committee

Chairman: S. S. Huebner
Stock Representatives:

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National Association of Mutual Insurance Agents, Washington, D. C.

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Lumbermens Mutual Casualty Company, Chicago, Illinois.
A. V. Gruhn, General Manager
American Mutual Alliance, Chicago, Illinois

Committee on Curriculum and Educational Procedure

Chairman: David McCahan, Professor of Insurance, University of Pennsylvania
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Travelers Insurance Company, Hartford, Connecticut
Wade Fetzer, Jr., Vice President
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L. P. McCord, President
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J. W. Huntington, Manager
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M. L. Landis, Counsel
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Harry J. Loman, Dean, Graduate School of Business Administration
University of Pennsylvania, Philadelphia, Pennsylvania
Milton W. Mays, Director
Business Development Office, New York City
Edwin W. Patterson
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American Surety Company of New York, New York City
S. B. Perkins, Secretary, Compensation and Liability Department
Travelers Insurance Company, Hartford, Connecticut
Sidney O. Smith, Chairman, Executive Committee
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Oliver Beckwith, Counsel
Aetna Casualty and Surety Company, Hartford, Connecticut
Mutual Representatives:
Charles F. Goodale, Attorney
American Mutual Liability Insurance Company, Boston, Massachusetts
Chase M. Smith, Counsel
National Retailers Mutual Insurance Company, Chicago, Illinois
S. S. Huebner, ex officio

Placement as a Safety Factor

(Continued from page 25)

industry naturally are extremely interested in seeing whether their methods will prove of material assistance in meeting the greatest man-power emergency which ever has been faced by the United States. They are hopeful rather than certain that the work which they have done in this field over recent years has built up a background of experience in personnel placement which is going to result in much more efficient utilization of the nation's undeveloped skills in war production than is expected in other quarters. They are hopeful, too, that proper placement will prove its importance as a factor in the promotion of industrial safety.

Insurance and Education

(Continued from page 22)

once protected the public may later hamper it.

In seeking equity and security, it should be remembered that the absolute is an ideal to give direction to regulatory effort. Not only are these ends but imperfectly attainable, but too great striving toward them is a possibility. The workmen's compensation insurance manual at one time contained some 1500 classes of risks, a number that had been reached by the gradual splitting and adding of classes in an effort to recognize variations of hazard. It became unworkable to the extent of defeating its own ends, and the number of classes has been reduced by about two-thirds. A somewhat similar situation in fire-insurance rating has demonstrated the need of consolidation and simplification, toward which steps have been taken. Sometimes it is better to acquiesce in a certain degree of inequity, when the cost of achieving equity is disproportionate or where consideration makes it clear that equity is not practicable.

All of these principles must yield place to the cardinal one that the state insurance department and its head should be competent and independent of special influences. Too few of the present departments satisfy these ideals, and regulation suffers to the extent that they do not. Fortunately, the highest-grade departments are found in states having extensive insurance interests, and their laws and administration control insurance in many vital ways far beyond their borders. Governors have been known to recognize the position of insurance commissioner as one that calls for less than the usual consideration of political motives and more than usual attention to ability and judicial temperament. The staffs of departments are in some cases under civil service, which makes for a continuing and reasonably able and independent force. State regulation may be said to have been a major reason for the enviable place which insurance holds in the social fabric, but there is ample room for readjustment and positive improvement.

Insurance men have been too prone to look on regulation as an objectionable interference with their immediate comfort and profit; they can do much to bring about desirable changes if they will take a long-range view of their own best interests.

THIRTIETH ANNUAL FINANCIAL STATEMENT

MICHIGAN MUTUAL LIABILITY COMPANY

OF DETROIT

FISCAL YEAR ENDING DECEMBER 31, 1941

●

ASSETS

CASH IN BANKS AND OFFICE	$1,468,760.01
*UNITED STATES GOVERNMENT BONDS	5,078,176.64
*STATE AND MUNICIPAL BONDS	1,062,980.10
*UTILITY AND INDUSTRIAL BONDS	291,040.67
UTILITY, INDUSTRIAL AND INSURANCE STOCKS (Market Value)	424,379.75
REAL ESTATE AND BUILDINGS (Home Office and Industrial Hospital)	664,800.43
REAL ESTATE INVESTMENTS (Leased or Land Contracts)	138,602.14
REAL ESTATE MORTGAGES (Improved property only)	7,007.81
PREMIUMS IN COURSE OF COLLECTION (Less than 90 days due)	731,972.86
ACCRUED INTEREST ON SECURITIES	31,603.74
TOTAL ADMITTED ASSETS	$9,899,324.15

LIABILITIES AND SURPLUS

RESERVE FOR LOSSES (Not yet due)	$4,603,659.77
RESERVE FOR UNEARNED PREMIUMS (For future service as required by statute)	2,304,561.31
RESERVE FOR TAXES, EXPENSES AND DIVIDENDS	423,220.42
VOLUNTARY CONTINGENT RESERVE	300,000.00
TOTAL LIABILITIES AND RESERVES	$7,631,441.50
NET SURPLUS	2,267,882.65
TOTAL LIABILITIES, RESERVES AND SURPLUS	$9,899,324.15

***ALL BONDS ON AMORTIZATION VALUE BASIS. BONDS AT MARKET VALUE WOULD INCREASE ASSETS AND SURPLUS $42,461.92** • • INCREASES OVER 1940 WERE AS FOLLOWS: ASSETS **$1,243,339.17**, OR **14.36%** • • SURPLUS **$254,089.59**, OR **12.62%** • • TOTAL PREMIUMS WRITTEN **$7,208,783.27**, INCREASED **22.27%** • • SECURITIES CARRIED AT **$220,386.00** IN THE ABOVE STATEMENT ARE DEPOSITED AS REQUIRED BY LAW • • TOTAL DIVIDENDS TO POLICYHOLDERS **$10,060,286.29**.

●

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Detroit Steel Products Co.

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OF BOSTON

LUMBERMEN'S MUTUAL INSURANCE COMPANY
OF MANSFIELD

NORTHWESTERN MUTUAL FIRE ASSOCIATION
OF SEATTLE

PENNSYLVANIA LUMBERMENS MUTUAL FIRE INSURANCE CO.
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NATIONWIDE INSURANCE *Service*

Gale & Stone, Boston — Mutual Insurance Bureau, Philadelphia — Interstate Mutual Insurance Agency Co., Mansfield, Ohio, Pittsburgh, Penna. — Lumbermens & Manufacturers Mutuals, Inc., James S. Kemper, Mgr., Chicago, Milwaukee, Minneapolis, Omaha — Associated Mutuals, Inc., Atlanta, Ga. — Lumber Mutual Agency, Indianapolis, Memphis, Dallas, Kansas City — The Martin General Agency, Seattle, Denver, San Francisco, Los Angeles, Portland, Spokane.

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. . . *Like Mutual Insurance*

Complete Protection—whether it covers your business, your home or your car, is not just the purchase of a policy to indemnify you after the loss. You want "protection" in preventing losses, through the elimination of hazards and through careful analysis of your insurance needs, by better trained and more skillful insurance representatives. That's where "Hardware Mutuals" with their engineering service and trained direct representatives can safely say — "We are without peer as a protector." Is your insurance keeping pace with the changing times? What was adequate only a year or so ago may not essentially fit today's needs. A Hardware Mutuals representative will give you a complete Policy Audit without obligation.

KERRY BLUE TERRIER — The Kerry Blue Terrier originated in the mountainous regions of the County Kerry in Ireland. Gentle, lovable and extremely intelligent, the Kerry is an all-round working and utility terrier. It is an excellent retriever, from both land and water, and is without a peer as a watch dog and companion for children.

The Kerry's coat is any shade of blue, is soft and wavy, giving the dog a striking appearance. They were brought to America about fifteen years ago. They have been adopted as the National Dog of the Irish Republic.

Hardware SAFETY SERVICE SAVINGS *Mutuals*

FEDERATED HARDWARE MUTUALS

Hardware Dealers Mutual Fire Insurance Company, Home Office, Stevens Point, Wisconsin

Minnesota Implement Mutual Fire Insurance Company, Home Office, Owatonna, Minnesota

HARDWARE MUTUAL CASUALTY COMPANY

Home Office, Stevens Point, Wisconsin